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West Europe Report

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29 February 1984

WEST EUROPE REPORT

CONTENTS

ARMS CONTROL

FINLAND

- Scholars, Officials Debate Immediacy of Cruise-Missile Threat
(HELSINGIN SANOMAT, 16, 17 Jan 84; TIEDONANTAJA, 17 Jan 84)..... 1
- Should Not Be Underestimated, by Erkki Pennanen
Komissarov Letter Analyzed, by Erkki Pennanen
Komissarov Letter: 'New Interpretation', Editorial
Moscow Oriented Paper Comments, Editorial

POLITICAL

FEDERAL REPUBLIC OF GERMANY

- Berlin SPD Pressed by 'Alternatives,' Own Conservatives
(TAGESSPIEGEL, 13, Jan 84, 21 Dec 83)..... 9
- 'Alternatives' Cooperation Rejected
SPD Regulars Protest, Decamp

FINLAND

- Poll: Both Koivisto, Press Supported in Right To Criticize
(UUSI SUOMI, 13, 15 Jan 84; HELSINGIN SANOMAT, 14 Jan 84)..... 12
- President Submitting 'Official Guidelines'
Statements' Interpretation Is Issue
Criticism of President Supported, by Jukka Knuuti

Briefs	
Development Aid Goals Proposed	19
Development Aid to Tanzania	19
Aid to Nicaragua, Vietnam	19

FRANCE

PCF's Grasp for Economic Power in Private Firms Examined (Claude Harmel; EST & OUEST, Dec 83).....	21
---	----

GREECE

Changes in Central Information Service Planned (NEUE ZUERCHER ZEITUNG, 27 Jan 84).....	33
---	----

NETHERLANDS

Rotterdam Mayor Visit, Relations With PRC (Friso Endt; NRC HANDELSBLAD, 18 Oct 83).....	35
--	----

SWEDEN

Palme Fails in Bid To Improve Relations With Center (Morten Fyhn; AFTENPOSTEN, 24 Jan 84).....	38
Briefs	
Union Cooling Soviet Ties	40

MILITARY

FRANCE

Preparedness, Budget Constraints, Location of Land Forces (Jean-Pierre Sereni, Claude Villeneuve; LE NOUVEL OBSERVATEUR, 30 Jan 84).....	41
--	----

SWEDEN

Defense Ministry Asks Funds To Save Draken Units (Sven Svensson; DAGENS NYHETER, 10 Feb 84).....	54
Briefs	
Basic Training Period Reduced	57

ECONOMIC

DENMARK

- Economy Minister Sees Continued Strong Growth in 1984
(Dan Axel; BERLINGSKE TIDENDE, 24 Jan 84)..... 58
- Industrial Investment Posts Near Record Growth
(Frank Dahlgaard; BERLINGSKE TIDENDE, 24 Jan 84)..... 60

FINLAND

- Soviets Want To Export More Raw Materials To Balance
Trade
(HELSINGIN SANOMAT, 31 Jan 84)..... 62
- Shipyards Look to Oil Rig Sales as Soviet Ship Buying Lags
(Jussi Jalkanen, Hannu Leinonen; HELSINGIN SANOMAT,
31 Jan 84)..... 63

NORWAY

- Budget Priorities Suggest Conservatives' 1985 Election
Planks
(AFTENPOSTEN, 30 Jan-1 Feb 84)..... 69
- Inflation, Wage Level Targeted, by Terje Svabo
Willoch Defends Budget to Press, by Terje Svabo
Record Unemployment Becoming Issue

ENERGY

DENMARK

- North Sea Oil Production Now Covers Fifth of Consumption
(Peter Kjelstrup; BERLINGSKE TIDENDE, 3 Feb 84)..... 74
- North Sea Drilling Consortium Gets Concession Rules
(Lars Dyrskjot, Peter Kjelstrup; BERLINGSKE
TIDENDE, 31 Jan 84)..... 77

OCEAN/POLAR ISSUES

SWEDEN

- Government Proposes Special Office for Polar Affairs
(Eric Dyring; DAGENS NYHETER, 10 Feb 84)..... 79

Expert Attacks Government White Paper on Ocean Resources (Erik Moberg; DAGENS NYHETER, 9 Feb 84).....	80
--	----

ENVIRONMENTAL QUALITY

NORWAY

Council of Europe: Country Especially Vulnerable to Acid Rain (Elisabeth Holte; AFTENPOSTEN, 2 Feb 84).....	84
Pollution Agency Opposes Easing Restrictions on Agents (Georg Parmann; AFTENPOSTEN, 2 Feb 84).....	86

SWEDEN

Study: Ten Percent of Southern Forests Acid-Rain Damaged (DAGENS NYHETER, 9 Feb 84).....	88
---	----

SCHOLARS, OFFICIALS DEBATE IMMEDIACY OF CRUISE-MISSILE THREAT

Should Not Be Underestimated

Helsinki HELSINGIN SANOMAT in Finnish 16 Jan 84 p 11

/Article by Erkki Pennanen/

/Text/ "In Finnish foreign policy, we have all along paid attention to the dangers posed by cruise missiles," assures Assistant Secretary of State Klaus Tornudd.

According to Tornudd, the article by the Soviet pen name Yuriy Komissarov published in Sunday's HELSINGIN SANOMAT is part of an on-going discussion. In his opinion, the article does not offer any particularly new points of view.

The special research scientist of the Ministry of Defense, Pauli Jarvenpaa, Doctor of Political Science, agrees that Finland has not been guilty of underestimating the danger of Euro missiles. "Purely military viewpoints related to cruise missiles nor common sense observations put forth in Finland can hardly be categorized as underestimating their dangers," he says.

Komissarov took notice of the opinions that have surfaced in Finland claiming that cruise missiles and their possible flight paths would not pose a danger to Finland nor Sweden. Komissarov warned about underestimating the danger in the deployment of Euro missiles.

It is believed that Komissarov was referring to the views stated by Foreign Minister Paavo Vayrynen last fall, according to which the cruise missiles placed in Western Europe by NATO would not post an actual military threat to Finland because it cannot be assumed that they would be using Finnish air space during their flight.

His views were supported by Lieutenant Colonel Gustav Hagglund of the Defense Forces.

However, Vayrynen felt that the possible future deployment of the "new generation cruise missiles" might post a threat also to Finland.

According to research specialist Jarvenpaa, the interpretation of Vayrynen's statement to mean that a new generation of cruise missiles to be deployed at some point in the 1990's would pose a threat to Finland was due to a misunderstanding.

"Vayrynen was referring to the current generation of cruise missiles, certain versions of which were already being deployed and the rest of which will be deployed within the next few years," assures Jarvenpaa.

According to him, Vayrynen was concerned about cruise missiles fired from submarines or planes in the North Atlantic area. According to Jarvenpaa, some have been placed on B-53 bombers. In spite of small differences, they are, however, technically of the same generation as the land based missiles, various versions of the Tomahawk missiles.

The actually new generation of cruise missiles to be deployed in approximately ten years, on the other hand, will face the defender with completely new technical challenges. The new missiles will be faster, more active, and more difficult to detect.

"Euro Missiles Aimed at East"

According to Jarvenpaa, there are many good reasons to believe that the landbased cruise missiles in Central Europe, the so called Euro missiles, will not pose a threat to us.

"No one knows yet exactly what their targets will be, hardly even Americans themselves," Jarvenpaa ventures. The basing of the cruise missiles in Europe is still in its initial stages. Linking them with the old, huge, existing arsenal will take a long time.

According to the estimates by the Finnish military, their probable targets will be located in eastern Europe and western Soviet Union, not in the northwestern parts of the Soviet Union, such as the Kola Peninsula.

Jarvenpaa supports his argument, "As far as NATO's defense is concerned, there is a greater concentration of essential targets in eastern Europe, and they are also closer to the western alliance."

"The central front of the war would be in the east, and the most important and the most suitable targets for cruise missiles are there: the non-movable targets, airfields, arms supplies, etc.

According to Jarvenpaa, it also makes more military sense to fly the cruise missiles in one's own or allied air space as far as possible. Crossing over neutral countries and finally in enemy air space they will be vulnerable to defense.

When fired from Central Europe towards east, the cruise missiles will stay under NATO control considerably longer than if they are fired over Scandinavian countries at targets in northwestern Soviet Union.

Komissarov Letter Analyzed

Helsinki HELSINGIN SANOMAT in Finnish 16 Jan 84 p 2

/Commentary by Erkki Pennanen/

[Text] The Soviet pen name Yuriy Komissarov has made rather infrequent appearances and mostly at times when the Soviet Union feels that misinterpretations are being made in Finland regarding questions related to the security of the North or the relations between the two countries. This time it is the question concerning cruise missiles.

Yuriy Komissarov attracted a great deal of attention in Finland in the mid '70's with his two books. Particularly in the second one, he wanted to be very clear in debunking Finnish interpretations of the Treaty of Friendship, Cooperation and Mutual Assistance (YYA) in respect to remaining neutral under all circumstances. On the contrary, he expanded the interpretation of the military articles of the treaty in a manner which the official Finnish foreign policy was not accustomed to.

At that stage it had already become clear that Yuriy Komissarov was not just a historian as he had been introduced. This was a pen name that was capable of transmitting the views of the Scandinavian experts in the Soviet Foreign Ministry.

Previously, Yuriy Komissarov wrote an extensive commentary a few years ago when the issue concerning cruise missiles surfaced for the first time in the North. During the past few months, after the United States started basing Euro missiles in western Europe, the issue has become even more timely and has become the central issue in the Soviet foreign policy activity.

Criticism Wrapped Up in Cotton

Komissarov's current point of contention seems to be the impression given in Finland in regard to cruise missiles and their effect on the political and security situation in the North which, in the Soviet Union's view, is somewhat misleading. Komissarov's criticism directed towards the experts and the Foreign Ministry is wrapped up in cotton, but it is easily perceptible.

In public interviews, Finnish military experts have tried to point out how untimely and improbable the threat of cruise missiles is for Finland. These missiles are first and foremost a political, not a military, weapon. Their target areas are located in the Central European sector, therefore, sending the missiles over Finnish territory would not make sense. If, for some reason, there arose a need to direct them towards targets on the Kola Peninsula, they would be sent along the Norwegian coast.

Foreign Minister Paavo Vayrynen stated in November that "the land-based cruise missiles which are currently being negotiated among the great powers do not pose a direct threat to Finland or Sweden." They would probably not be directed towards their targets over and across the air space of these two countries. The threat will become more timely in the future when it is possible that different kinds of cruise missiles might be deployed in a considerably larger scale.

President Mauno Koivisto has expressed a similar view, referring to the cruise missiles to be placed on submarines and planes operating from the Norwegian Sea. The threat is not critical at present.

In his press conference held in conjunction with his official visit to Moscow last month. Foreign Minister Vayrynen stated his optimistic view that the arrival of Euro missiles did not seem to have harmful effects from the viewpoint of northern Europe.

Vayrynen also based his statement on the fact that Foreign Minister Audrey Gromyko had not touched upon this issue in particular. Vayrynen also gave the impression that Finland's own preparedness actions had been noticed with satisfaction in the Soviet Union.

Underestimates and Miscalculations

Yuriy Komissarov makes it now very clear that the military strategic situation and situation in general in northern Europe will be increasingly dictated by the state of affairs in Europe and the rest of the world. Even though Komissarov acknowledges the hazards of prediction, he ventures one: "Under current circumstances, underestimating the danger of the deployment of cruise missiles may lead into serious policy miscalculations."

According to Komissarov, cruise missiles are not primarily a political weapon but military first strike weapons. He actually ridicules the experts who claim that special flight paths would be designed for the cruise missiles in order to skirt around Finland and Sweden. The Soviet Union starts with the assumption that the flight paths will cross over the northern European countries, and that is that.

Komissarov repeats the Soviet view that, as a sovereign state, it is Finland's decision how she wants to defend her territory against violations of her air space. During Vayrynen's visit, there was no comment from the Soviet Union regarding his statements on the steps taken for preparedness in Finland.

Quoting the statement given by President Koivisto in an interview, Komissarov, however, pointed out the problematic nature of the issue. At the same time, he reminds us of the fact that this is a question of missiles targeted at the Soviet Union by the United States and NATO. In other words, the issue does not concern Finland only, it concerns the Soviet Union most directly.

Cruise Missiles and the YYA Treaty Obligations

Therefore, Komissarov feels it is only natural that the issue is linked to the YYA Treaty and the obligations it sets for Finland. He just neglects to say that in any case the Soviet Union must, one way or another, try to make sure that the cruise missiles, possibly coming via Finland, will not be allowed to cross over her territory.

As for speculation concerning the possibility that also the Soviet cruise missiles might violate Finnish air space, Komissarov dismisses it as maliciousness and provocation. Like all other Soviet writers, Komissarov also completely articulates President Koivisto's statement that Finland will under no circumstances allow nuclear weapons on her territory.

The standard Soviet answer to speculations regarding this issue has been and continues to be the establishment of a nuclear free zone in the North which the Soviet Union would be willing to help bring about.

In order to clarify the conflicting views concerning the issue of the nuclear free zone and the Soviet Union, Komissarov stresses that no parts of the Soviet Union can be included in the zone itself. That would directly affect military strategic balance.

Komissarov Letter: 'New Interpretation'

Helsinki HELSINGIN SANOMAT in Finnish 17 Jan 84 p 2

/Editorial: "Komissarov's War Game Excludes Neutrality"/

[Text] The Soviet pen name Yuriy Komissarov believes that some Finnish politicians and military experts are inclined to underestimate the danger involved in the deployment of Euro missiles. Komissarov himself believes that those who are afraid that the American cruise missiles are endangering the security and territorial inviolability of countries wanting to stay out of possible conflicts and pulling them into war are correct.

On Sunday HELSINGIN SANOMAT published the commentary by pen name Komissarov, which is the first coherent Soviet statement on the effects of the western cruise missiles on the northern European situation after the break off of the Geneva missile talks.

Komissarov clearly directs his criticism at the statements by Finns in pointing out the different attitudes towards the different types of cruise missiles. The pen name believes that the Finns should be concerned about the land based cruise missiles placed in western Europe, not just those based on submarines and planes.

The remark is above all directed at the cruise missile speeches given by Paavo Vayrynen towards the end of last year, but reaches all the

way to the leadership of Finnish foreign policy. The foreign policy speech by the foreign minister had naturally been approved by the president.

Komissarov wants to stress that the Soviet Union regards cruise missiles also as a military threat. He describes them as typical first strike weapons.

Here, his arguments are not valid, however. The cruise missile is too slow and vulnerable to launch a surprise attack. In this category, it is a most atypical weapon.

Komissarov's overall concerns are easily understood, but the nuclear powers already have more than 50,000 nuclear warheads in one form or another. It is an exaggeration to claim that a few hundred clumsy and slow missiles added to the existing arsenal will decisively change the situation.

Komissarov's article does not refute the earlier understanding that western cruise missiles are primarily political weapons. The pen name only explains the security viewpoints of his country, he is not searching for the balance of the entire continent.

It is natural that neutral countries between two military alliances end up having to declare their will to defend their territory to every direction. Otherwise, one of the military alliances will begin to consider them as target areas. Finland, Sweden and Austria have each stated that they will shoot down the violators of their air space, no matter where they are coming from. Thus, the warring parties cannot use the air space of these countries without hindrance.

In addition, Finland will make sure that there will not be any attempts to use Finnish air space in an attack against the Soviet Union, as provided in the Treaty of Friendship, Cooperation and Mutual Assistance. It is fully in the interests of the Soviet Union. At the same time Finland's own interests demand that she is defended against attacks from any direction. This in spite of the fact that Finland has no reason to fear an attack from the Soviet Union. And both countries have repeatedly found that their mutual relations remain untouched by the changes in international situations.

The most problematic point in Komissarov's article seems to be his assertion that the political, military strategic, and overall situation in Northern Europe will be defined increasingly by the turn of the events in Europe and the rest of the world. He deems that the arrival of the western Euro missiles will be changing the situation in Europe drastically and that it might have untoward effects on the situation in northern Europe, Finland and Sweden.

Komissarov's explanation is a new interpretation which arouses doubts about the ways of thinking and action that have evolved, been adopted and approved in the course of the past few decades. If the Soviet Union sees the political significance of the western cruise missiles in this light, it is possible that the stabilized situation in Europe will face casting in a bigger mold. However, it would be very difficult to believe that the current situation in northern Europe would no longer serve the best interests of the Soviet Union.

Moscow Oriented Paper Comments

Helsinki TIEDONANTAJA in Finnish 17 Jan 84 p 2

/Editorial: "Who Threatens Finland?"

[Text] The recent statements by NATO Commander Bernard Rogers, in which he suggested that Finns ready themselves for an attack from the Soviet Union, was demonstrated rather unambiguously to be a provocation designed to damage relations between Finland and the Soviet Union and to undermine the significance of the Treaty of Friendship, Cooperation and Mutual Assistance.

But even though Rogers's views were officially refuted, certain circles were left with a hope that the West would work even more vigorously than before to alienate Finland from the Soviet Union. These efforts have been going on for a long time, one example being the introduction of the concept of absolute neutrality into our foreign policy discussion. In its purest form this would mean that the Treaty of Friendship and Cooperation would no longer have any place, or it would only play a secondary role, in our foreign policy.

Very powerful forces are working towards this end, even though they avoid open confrontation with the Soviet Union. HELSINGIN SANOMAT, which allowed Rogers to use its pages at one time, has seen an opportune time to test the strength of the ice and declare that Finland is now so "neutral" that she should be prepared to defend herself against the threat from the Soviet Union as well.

The paper was prompted to define its new drastic policy line by an estimate by the authoritative Soviet writer Yuriy Komissarov according to whom cruise missiles based in Central Europe are a threat to both Finland and the northwestern parts of the Soviet Union.

HELSINGIN SANOMAT refutes Komissarov's views point by point, labelling them as exaggerations. The paper has vehemently defended the view that American cruise missiles would not be routed through Finnish air space to Finland. If this were the case, Finland would have to consider the obligations of the Treaty of Friendship and Cooperation, and this is what HELSINGIN SANOMAT and the forces in the background are afraid of.

Establishing the truth of the NATO threat does not suit Finnish neutrality. Therefore, HELSINGIN SANOMAT demands that Finland has to show her will to defend her territory in all directions and be prepared for violations of our air space by the Soviet Union. The message is practically identical with that of Commander Rogers.

The HELSINGIN SANOMAT article, which seems to have had some outside contributors as well, confirms Komissarov's suspicion that underestimating the cruise missiles may lead to serious political miscalculations in our country. HELSINGIN SANOMAT has now shown how thin the ice can be when underestimating the threat posed by Euro missiles.

In earlier times the paper has not dared to launch this flagrant an attack against the Paasikivi-Kekkonen foreign policy line our country has been following. The fact it has happened now tells us something about the times.

8200
CSO: 3617/84

BERLIN SPD PRESSED BY 'ALTERNATIVES,' OWN CONSERVATIVES

'Alternatives' Cooperation Rejected

West Berlin TAGESSPIEGEL in German 13 Jan 84 p 2

[Article: "SPD Rejects 'Institutionalized Cooperation' with 'Alternatives': Reply of Berlin SPD Spokesman to 'Alternatives'"]

[Text] Tsp. Berlin. The Berlin SPD has rejected "institutionalized cooperation" between the SPD and the "Alternatives" [AL] in the lower house of the FRG parliament. A proposal to that effect was made by AL Deputy Koeppel. When asked about it, SPD spokesman Wiegrefe explained yesterday that there was no reason for the SPD to debate a resolution for cooperation within the opposition. Such a step was neither foreseen nor necessary.

Koeppel's paper, which was discussed at a closed meeting of the AL parliamentary group last weekend and released publicly yesterday, was submitted to the AL council of delegates for further deliberation and was also to be discussed at the grass roots level. However, two of the total of eight members of this parliamentary group, Chairman Wachsmuth and Deputy Freudenthal, are against the proposal which Koeppel hoped would be a "chance for the AL to play parliamentary quarterback".

Koeppel had already made a secret offer of coalition to the SPD during the parliamentary budget debate in December, which was rejected by the SPD at that time. Wiegrefe emphasized yesterday that the SPD wanted to win a majority on its own during the lower house elections in the spring of 1985. After the election they would look "in all directions" for the coalition partner with which they would have the greatest success in passing social democratic legislation. Before cooperation with the AL could be considered, the AL would have to make "crystal clear" their positions regarding the use of force, the Western allies and the parliamentarism.

With the 1985 election in mind, Koeppel suggested that the SPD and the AL establish a joint commission "for a common budgetary and economic opposition policy" before the 1985 budget debates which normally take place in parliament from October to December. He said that the commission would concern itself with a joint critique of the proposed budget of the

CDU/SPD controlled senate, as well as with the formulation and coordination of its own proposals; both parties would have to agree upon a proposed budget package. The commission would "meet publicly the entire time."

After a joint evaluation of this "test phase," it was the view of the AL that a coordinated opposition policy should follow. Then the AL and the SPD would decide on how to proceed after the 1985 election.

His reasoning, Koeppel wrote, was that the question of whether leading SPD candidate Ristock or Christian Democrat Diepgen would govern the city in the future would be foremost during the election campaign and not the issues. The danger in this, he continued, is "that we with our 'alternative' issues would be left out of this clash between two individuals." The AL must "bring its issues to bear" in order to show which direction it feels the city's politics should take. Moreover, the SPD must be forced to say whether they "are looking to their left" for the support they need to form a government in Berlin. During the "test phase" consideration could be given to "if and in what form a common effort to head the government would be possible." In Koeppel's opinion the AL in Berlin is in a better position to conduct such an "experiment" than the Green Party in Hamburg or Hesse, where cooperation with the SPD was, and is, also being attempted, because here the SPD is in the opposition.

SPD Regulars Protest, Decamp

West Berlin TAGESSPIEGEL in German 21 Dec 84 p 2

[Article: "68 Members of Berlin SPD Unanimously Declare Resignation from Party: Accuse Social Democrats of Leftward Course"]

[Text] Tsp. Berlin. Yesterday 68 members of Berlin's SPD unanimously declared their resignation from the party. At a press conference a spokesman for the group, which prefers the name "Social Democrats", gave as their reasons for taking this step the long years of a leftward course within the SPD and the party's rejection of the NATO two-track decision.

In a statement, the former SPD members accused their party of having abandoned a course of basic agreement with all democratic forces and of looking instead inside and outside their own organization for "new majorities with fringe groups opposed to the system." The statement went on to say that the defense policies of the Western alliance, which were decided upon with SPD cooperation, were now being thwarted by the party, turning the SPD into a foreign policy and national security risk.

The initiator of this wave of resignations, former Chairman Staschen of the working group for the self-employed (AGS) within the SPD, told the press that the group wanted to be "politically active, however formation of a new party was not yet being considered". The members who resigned, some of whom had belonged to the SPD for many years, wanted to create for themselves a new political camp.

Included in the group of those SPD members who resigned were former Wedding District Mayor Bowitz and long-time editor of SPD publications and radio and TV commentator Reimer. Bowitz said at the press conference that "the decline of social democratic morality" within the party was indicated by the SPD's treatment of former Chancellor Schmidt regarding the NATO two-track decision, SPD Chairman Lafontaine of the Saarland being the worst example. Bowitz said that further development within the party must be viewed with concern, because of the increased willingness within the SPD to cooperate with communists and their supporters.

Former AGS functionary Harynek criticized in particular the fact that the party had accepted in Harry Ristock a "Marxist" as their leading candidate. Should the SPD become the strongest party in the 1985 lower house elections, a "people's front" of Social Democrats and "Alternatives", where a large number of communists are represented, would have to be reckoned with.

The Berlin SPD currently has about 31,000 members.

The Berlin SPD, in the words of their spokesman, Deputy Chairman Kremendahl, sees "no reason for concern" over the resignations. The "substance of the accusations" against the policies of the SPD made by those who resigned were, he said, absurd.

General Secretary Strassmeir of the Berlin CDU took the position that the SPD had betrayed its own basic policies. The resignation of 68, in part leading Social Democrats, from their own party showed that the spirit of Ernst Reuter no longer has a place in the Berlin SPD today.

12552

CSO: 3620/157

POLL: BOTH KOIVISTO, PRESS SUPPORTED IN RIGHT TO CRITICIZE

President Submitting 'Official Guidelines'

Helsinki UUSI SUOMI in Finnish 13 Jan 84 p 8

[Article: "Official Guidelines to Embassies: Koivisto Ban on Interpretations by Ambassadors"]

[Text] President Mauno Koivisto has issued guidelines to our country's representative bodies abroad regarding the publication of the president's statements without additional interpretations. The ban on interpretations suggested by the president in an interview that was published in the 3 January edition of the Turku ABO UNDERRATTELSER is thus official.

In the ban directed at the heads of the embassies and consulates, the ABO UNDERRATTELSER interview and the subsequent press discussion of it are referred to. In justification of the directive that no one should issue additional interpretations of the president's statements, it is maintained that doing so might be taken as an indication of the lack of clarity or misleading nature of the original text.

In his guidelines the president deliberately points out that this ban does not in general exclude interpretation of the fundamentals of our country's foreign policy, nor even of issues discussed by the president. Thus the ban involves the content of the president's statements, not their subject domain.

In the guidelines, which cover several points, the president also emphasizes that he does not want to guide or restrict public discussion of foreign policy. Nor is his purpose to prevent criticism of foreign policy leaders. At the same time the president reserves to foreign policy leaders the right to criticize the press.

Heads of embassies and consulates are further reminded that they have been told that the president does not intend to change the practice he has followed in issuing statements and granting interviews.

Statements' Interpretation Is Issue

Helsinki HELSINGIN SANOMAT in Finnish 14 Jan 84 p 11

[Article: "Unambiguous Directive of Koivisto's Edict: Foreign Policy May Be Interpreted, But Not the President's Statements"]

[Text] President Mauno Koivisto has issued unambiguous directives to the Ministry of Foreign Affairs not to interpret his statements because offering interpretations might be construed as an indication "of the lack of clarity or misleading nature of the original texts."

Koivisto, however, emphasized that his guidelines do not in general exclude interpretation of the fundamentals of Finnish foreign policy, nor of issues discussed by the president.

President Koivisto's "edict" was dispatched to Finland's representative bodies abroad on Wednesday and it is also in effect in Finland. The guidelines are in connection with the discussion his recent interview with ABO UNDERRATTELSE has provoked.

In that interview the president announced his intention of seeing to it that in future no one would interpret his line of thinking, not even he himself.

At the Ministry of Foreign Affairs on Friday they specifically stated that the president by no means intended to prevent discussion of Finnish foreign policy abroad. His purpose was only to make certain that the president's statements reach their destination in the correct form.

On the other hand, in the Ministry of Foreign Affairs they regard the president's guidelines as cumbersome because a diplomat's chief mission is to explain matters and in the best way from Finland's viewpoint.

Some ministry officials felt that the president was needlessly shelving part of the Ministry of Foreign Affairs. The guidelines were also viewed as an extension of the fact that ministry officials were recently reminded to maintain secrecy regarding such matters.

The ministry's political undersecretary, Klaus Tornudd, does not feel that the directive is particularly surprising. The president hopes that his statements will be read as they are and that no source will interpret them, Tornudd said, and maintained that this does not change anything at all. Tornudd remarked that there is no need to make an issue of this.

President's Wire

The wire sent to embassies and consulates was as follows in its entirety:

"Subject: The president of the republic's interview, published in the ABO UNDERRATTELSE on 3 January 1984.

"Because of the interview referred to in the subject matter of this memo and the subsequent discussion of it in the press, the president of the republic has requested that embassies and consulates be advised of the following:

"1. The president's statements are to be read as they are and no one should provide interpretations of them. Providing same might be taken as an indication of the lack of clarity or misleading nature of the original text.

"2. This does not in general exclude interpretation of the fundamentals of Finland's foreign policy, nor of issues discussed by the president either. Embassies and consulates will as is necessary receive proper guidelines on the discussion of such matters.

"3. Naturally the president does not want to guide or restrict discussion of foreign policy either, nor prevent criticism of foreign policy leaders. Foreign policy leaders also have the right to criticize the press.

"4. As far as issuing statements and granting interviews on political issues of current interest is concerned, as a matter of principle the president does not intend to change the usual practice."

Extension of Discussion

Koivisto's "edict" is an extension of last fall's lively foreign policy discussion and indicates that the president meant it when he said during an ABO UNDERRATTSELER interview that he no longer intends to interpret anything.

Koivisto was obviously irritated over the discussion last fall because he said that his words did not seem to have reached their destination. The president even wrote a letter in November to 30 chief editors expressing the hope that there would be responsible discussion of foreign policy in the news media.

Behind Koivisto's letter was the discussion engaged in during the fall over Finland's attitude toward the vote on Grenada in the United Nations, Finland's attitude toward a ban on a preemptive strike with nuclear weapons and toward the arrival of nuclear weapons on Finnish soil.

After the president's visit to France in November, they discussed the speech Koivisto made in Toulouse, in which, according to the sharpest critics, the president made the mistake of failing to mention V.I. Lenin when speaking of the achievement of Finland's independence.

Nor did that discussion have a chance to get very old when the president granted his interview to ABO UNDERRATTSELER, the fuss over which has reached nearly the whole world.

The wire sent to Finland's embassies and consulates last Wednesday is part of this discussion. The wire was not issued secretly; it was sent abroad via the ministry press bureau.

Criticism of President Supported

Helsinki UUSI SUOMI in Finnish 15 Jan 84 p 19

[Article by Jukka Knuuti]

[Text] The US-Parlamentti [US-Parliament] poll was taken by interviewing 259 Finns over the age of 15 by phone. The Economic Survey Company, which took the poll, conducted interviews between 7 and 9 January 1984. The statements obtained in these interviews have been assembled so that the different parts of the country, different age groups and occupations can be taken into account in their proper relation to one another.

While over half of all Finns are of the opinion that President Mauno Koivisto did the right thing in criticizing editors in his "lemming interview" (55 percent) and in sending a pastoral letter on foreign policy to chief editors (59 percent), the overwhelming majority of them (80 percent) also grant editors the right to criticize the president.

The opinions expressed in the US-Parlamentti poll conducted by the Economic Information Company [as published] as to whether the president did the right thing in connection with the lemming interview, his letter to chief editors and his criticism of the courts run in quite the same direction: About two-thirds of them regard the president's interference as being appropriate and a third of them just the opposite. The same also holds true of opinions as to the clarity of Koivisto's speeches: The same number of people who feel that the president did the right thing also feel that his statements are sufficiently clear.

The pastoral letter sent to chief editors was felt to be more important (59 percent) than the lemming interview in which he buried editors (55 percent). This is even more clearly reflected in the fact that there were clearly more negative responses to the lemming interview (35 percent) than to the pastoral letter (27 percent).

According to those interviewed, those who occupy leading positions and those under the age of 25 were clearly less willing to grant that the lemming interview was justifiable (37 percent) than those interviewed on the average (55 percent). Those who vote for the Left were more inclined to feel that both the lemming speech and the pastoral letter were justifiable than did those who vote for the Right.

District Attorneys Less Favored

Evidently district attorneys are less popular than journalists since a larger number of those who were interviewed felt that censuring them was more justified (63 percent) than reprimanding the journalists. This is also reflected in the fact that there were very few "cannot say" replies.

Especially farmers (78 percent) and workers (67 percent) felt that the censuring of district attorneys was justified while, on the other hand, those occupying leading positions were in fewer instances (42 percent) ready to support the president's action.

Speeches Clear Enough

About the same number of interviewees who felt that the president had behaved correctly in censuring both journalists and district attorneys also felt that his statements are clear enough (58 percent). It is probably no surprise that more of those who voted for Koivisto felt that he expresses himself clearly enough (65 percent) than do those who voted for some other candidate (54 percent). Farmers (67 percent) and workers (66 percent) were more satisfied with the clarity of his speeches, while those occupying leading positions were more critical of it (42 percent).

Uncertainty over Nuclear Energy

Judging from the replies to the question on nuclear energy that were received, we may probably conclude that the uncertainty stems from a lack of knowledge of the subject. There were about as many negative as positive attitudes toward it. Moreover, there were more "cannot say" replies to this question than to any other.

Farmers Uncompromising with Editors

While in the opinion of most censuring the press was appropriate, 80 percent of those interviewed were prepared to defend the news media function of watchdog of democracy with respect to the president as well. Also, nearly everyone had an opinion on this issue. Only 2 percent were unable to voice an opinion on it.

In light of the poll, regardless of their occupations or party preferences, Finns are about equally ready to defend the press' freedom to criticize. Farmers emerge as a conspicuous exception to this rule. Only half of them were ready to defend the right to criticize. On the other hand, the oldest age group in the poll, those over 50, was also more lukewarm (69 percent) than the others in understanding the press.

	<u>Yes</u>	<u>No</u>	<u>Cannot Say</u>
Was his attitude toward editors appropriate?	55	36	9
Was the president's action in censuring the newspapers for their articles on foreign policy justified?	56	27	13
Was it right for the president to interfere with the functions of the courts?	63	32	5
Was the position he adopted on nuclear energy essential?	42	44	14

	<u>Yes</u>	<u>No</u>	<u>Cannot Say</u>
Have the president's speeches been clear enough?	58	39	2
Do journalists have the right to criticize the president?	80	18	2

	<u>Increased</u>	<u>Decreased</u>	<u>Kept It the Same as Before</u>	<u>Cannot Say</u>
Have the positions the president has adopted increased or decreased his popularity?	43	38	8	11

These Are the Questions That Were Asked

1. In the fall and early winter President Koivisto publicly adopted positions on many issues, most recently criticizing editors for the way they do their jobs. When you consider the content of the newspapers you usually read, was his attitude appropriate or not?
2. In your opinion, do those who have become the target of criticism, journalists, for example, have a corresponding right to criticize the president?
3. It was rather generally felt that in his New Year's Day speech the president at least cautiously opposed the attitude toward nuclear energy expressed in the results of the latest opinion poll. Was his adoption of that position essential or not?
4. In December the president sent 30 chief editors a letter in which, according to newspaper reports, he censured the newspapers for their articles on foreign policy. Was the president's action justified or not?
5. In a speech he made in November the president asked whether a district attorney who has too often prosecuted without obtaining a judgment on the charges ought to be replaced. Was the president right or wrong in interfering in this way with the functions of the courts?
6. In your opinion, have President Koivisto's speeches been clear enough?
7. Do you feel that the positions President Koivisto has adopted have increased or decreased his popularity?

Have His Strict Attitudes Worn Down His Popularity?

The strict positions the president has adopted have evidently to a certain extent reduced his popularity. Nevertheless, a majority (43 percent) believed that his popularity has grown. But nearly as many (38 percent) felt that his statements were damaging his popularity.

It was to be pretty much expected that more of those who voted for Koivisto believed that his popularity had risen (52 percent) while, on the other hand,

among those who voted for some other candidate there were fewer who believed that his popularity was increasing. Especially workers believed that support for him was growing (53 percent). Only 21 percent of those occupying leading positions were prepared to believe that Koivisto's popularity was increasing.

Those under 25 years of age (52 percent) and those occupying leading positions (64 percent) most strongly suspected that his critical attitudes are stripping Koivisto of his popularity.

11,466
CSO: 3617/81

BRIEFS

DEVELOPMENT AID GOALS PROPOSED--From the point of view of Finland's foreign policy credibility and its international obligations it is imperative that the 0.7-percent development aid goal be achieved by the year 1988. This point was emphasized in a position adopted on the most important development aid questions submitted to the Foreign Ministry by the Committee on Economic Relations with Developing Countries. The committee also proposes that after the 0.7-percent share of the gross national product is achieved, 1 percent of the gross national product be established as a quantitative goal for development aid and that a schedule be adopted for its accomplishment. In the future more attention should be given to the content and quality of development aid in the opinion of the committee. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 31 Jan 84 p 30] 10576

DEVELOPMENT AID TO TANZANIA--In the next 3 years Finland will spend 345 million markkaa on development aid to Tanzania. Finnish aid will continue to be concentrated on forestry, industry, water management, and mining activities. The major portion of the aid will be given to projects already in operation, but because of Tanzania's weak economic situation, 40 percent of the funds available this year will be used for direct aid in commodities. In the annual development aid negotiations it was confirmed that the profitability and degree of utilization in forest industry projects supported by Finland have improved significantly. Support for forest industry projects comprises approximately 30 percent of this year's total aid. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 31 Jan 84 p 30] 10576

AID TO NICARAGUA, VIETNAM--The Foreign Ministry has decided to give the Finnish Red Cross 1 million markkaa in emergency aid for sending foodstuffs to Managua, Nicaragua. At the same time the Foreign Ministry granted 1.75 million markkaa to Vietnam for shipyard dredging operations, which have not progressed according to schedule. Aid in foodstuffs to Nicaragua has been requested by the International Red Cross as well as by the Finnish Embassy in Nicaragua. The Red Cross has set up emergency food supplies in Managua for those people who have fled their homes because of skirmishes along the borders of Nicaragua, Honduras, and Costa Rica. The Finnish Red Cross has already participated in this emergency food aid before and has now received 1 million markkaa for continuing this aid. A Finnish aid assistant is presently in Managua. The dredging operations for the approach channel and basin of the Pha Rung Shipyard in Vietnam will have to be continued next year also since

dredging work did not progress according to schedule. The dredger sent to Vietnam has only occasionally been operational. Finland has invested tens of millions into the shipyard itself and in addition to this, a Ketjupekka dredger was sent to the shipyard from Finland in the summer of 1982. Nearly 5 million markkaa have been spent on the dredger and dredging operations. Since the dredging will have to continued, Finland will grant yet another 1.75 million markkaa in aid for the wages of three people and spare parts for the dredger. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 22 Jan 84 p 9] 10576

CSO: 3617/83

PCF'S GRASP FOR ECONOMIC POWER IN PRIVATE FIRMS EXAMINED

Paris EST & OUEST in French Dec 83 pp 18-24

[Article by Claude Harmel]

[Text] The PCF's twists and turns are not always marked by the abruptness that has left an undying memory of some of them: the Laval-Stalin communique of May 1935, for example, or the announcement in August 1939 of the German-Soviet pact, which came as a bombshell. Stalin felt no obligation to show consideration for his "employees," and he was certain enough of their docility to know that they would march to the sound of guns and fall in line without waiting for explanations and without taking offense because no explanations were given.

Nowadays, the masters in the Kremlin show consideration or take precautions in dealing with the "brother parties," to which they also grant more leeway in establishing a "political line," at least in the area of internal policy. As a result, one can now see the birth of certain ideas and certain forms of action within the PCF that lie somewhat beyond the bounds of its official line or are, as it were, a byproduct of that line. There they mature, develop, and take on consistency in the minds of the leaders and in actions by party members and are finally adopted as one of the essential elements of tactics or strategy for an indefinite period, without anyone's being able to say exactly when the change occurred.

For example, it is difficult to say precisely when the Communist Party got the idea of adopting the objective of winning economic power--or, at least in the first stages, of winning economic powers--particularly in the firms, not only the nationalized enterprises but also the firms in the private sector.

Two Sources

The idea seems to have originated both in theoretical research and in practice. The theoretical research could be traced as far back as Paul Boccara's work on state monopoly capitalism--that famous "SMC" in which communists and their fellow travelers reveled for a time with quite ludicrous pedantry. We would probably come closer to reality by pointing to the "assessment" of the common program for government following the municipal elections of March 1977. That "assessment" was made under the leadership of Charles Fiterman by the Central Committee's economic section with the help of high-ranking communist officials,

and it provided the impetus for research aimed at defining a "new logic" and "new growth."¹

As far as practice is concerned, the new trend can probably be traced back to the "Lip affair" of 1973. The Communists played only a secondary role in that spectacular affair, and their irritation at being the tag end led them to almost cause a break between the CGT and the CFDT. But they could not fail to be impressed by the revelation concerning the possibilities for mobilization and agitation opened up by the rejection of mass layoffs or the closing down of firms. They probably felt at the time that such rejection was economic and even social nonsense, but it appeared from that moment to provide a new means of provoking mass movements--at a time when the other means were losing their effectiveness. Many of the conflicts that broke out in increasing numbers after that time--known as the "children of Lip"--were more the work of the CGT than of the CFDT. The ideas on the "new logic," "new management criteria," and the "social profitability" of firms, as opposed to their financial profitability, came at just the right time to justify such actions in practice.

We will see that they occupy a privileged place in the party's new economic policy.

In Line With Thorez

Whatever its origin, we apparently would not be greatly mistaken in saying that 12 September 1982 marked the start of that new policy, or at least the official signal for its kickoff.

On that day, Philippe Herzog spoke at the L'HUMANITE Festival, and it is significant in itself that the job of delivering that "customary speech"--which more or less marks the PCF's resumption of political activity following the summer vacation--was given to the best-known theoretician for the party's new economic doctrine. At the very moment that he was speaking, the Social Publishing House was just completing its printing of his book "Grappling With the Economy,"² which synthesized--unfortunately, in an incredibly ponderous style--the "most recent thinking of the Communists on the subject of economics," as Rene Le Guen was to say in L'HUMANITE on 3 November 1982.

Skillfully (but, as we will see, he was merely conforming to an unchanging rule), Herzog linked the new line to party tradition and to a particular moment in that tradition--the period after World War II in which the Communists, who were in the government at the time, launched the "battle of production" or, more accurately, the watchword for "the battle of production."

"At the time of the liberation, Maurice Thorez asked the workers to roll up their sleeves to win the battle of production.

"Today the Communist Party solemnly appeals to the workers to commit themselves 100 percent, with all the spirit of initiative at their command, to the revival of the national economy.... Let us not surrender the field and the monopoly on economic management to capital and the Right. Responsible citizens in the firms,³ in the localities, and in the regions: that is what we want to be!...

In asking the workers themselves to take charge of economic and management problems, we are aware that we are trying what has never been tried in France. Life requires it. It is necessary for overcoming the crisis. But it is also necessary beginning now so that the new policy will advance" (L'HUMANITE, 13 September 1983).

How can we fail to emphasize in passing the permanence of the Leninist or Leninist-Stalinist concept of the party, which states that the party is never wrong? From time to time, the twists and turns taken by the party lead it to engage in collective self-criticism, but always only halfheartedly, and the day will come when it will be possible to say aloud what is now only being thought--that is, that the policy that was repudiated at a given moment and declared erroneous was justified at the time that it was being pursued. For 30 years and more, the Communists responded just barely or not at all to the sarcasms heaped on them by their opponents in other unions concerning the watchwords issued by Thorez, Frachon, Croizat, and Monmousseau back when "they were ministers," to borrow from the title of a book by Francois Billoux⁴: the "battle of production," "Roll up your sleeves; things will get better," "Produce first, then make demands," and "The strike is the weapon of the trusts against the nation and the working class."

While they said nothing or almost nothing, they also repudiated nothing: the time would come when they would be able to say publicly that then, too, the party had been correct. And that is what Philippe Herzog did on 12 September 1982.

Participating in Management

The watchword is clear: "It is necessary to challenge the monopoly that the employers have arrogated to themselves in the field of management and to advance in putting into effect the new citizenship of the workers in the firms," repeated G. Marchais in a speech to the National Assembly on 11 October 1983. We say "repeated" because statements of the same kind were to be produced by the hundreds. To mention only one example, there was the statement by Georges Lanoue, secretary general of the CGT's Railway Workers Federation and a Communist as required: "Since May 1981, the CGT has appeared (in the SNCF [French National Railways]) as the major force for proposals and action, seizing every new opportunity to facilitate intervention by the railway workers, even in problems of management" (L'HUMANITE, 14 September 1983).

One has only to open up the Communist newspaper for any day of the week to note that determination by the party (and the CGT, which it dominates) to intervene in all economic problems. It is not just a matter of establishing the outline of the country's economic policy: it is within the firms themselves that the Communists intend to propose and impose solutions--in the nationalized enterprises, but also in the firms still in the private sector, where the government itself forgoes intervening or has no normal means of doing so.

"The government has great responsibility, but it cannot resolve everything," said Herzog in the above-mentioned speech. And he continued, with some degree of audacity: "Not everything is going to be settled by decree, and a state-planned

economy is not our policy." But what neither the government nor the state could do, the workers present in the firms would do in their place, and of course, they would not do so without being advised and helped--represented--by their unions and by the party that is the vanguard of the working class.

He added good-naturedly that the workers--the word he used, perhaps by mistake, was a revealing "we"--were not demanding complete control of management for the moment: they would know where to stop. "We will not issue decrees preventing the employers from making a profit, but by intervening constructively, we can modify their decisions when those decisions are based solely on the profit motive."

Reasons for Policy

Why this policy?

First of all, to appear responsible, to give the appearance of being a government party concerned with the general interest, and to justify, in the eyes of the Socialists, their claim to be loyal partners--or rather, to look that way for the benefit of public opinion. They are not trying to worsen the situation so as to take advantage of more opportunities for revolutionary agitation. On the contrary, they are making an effort to make everything run as smoothly as possible.

And they repeat tirelessly that it is necessary to have a "responsible" attitude and to suggest "constructive" solutions. Naturally, they reject conspicuously the CFDT's criticism of "productivism" and the "consumer society," claiming on the contrary that--to quote Herzog--"all social progress is based on the increased production of wealth." Their watchword is "to develop production and make it more competitive for the good of employment and the advancement of the workers, for consumption by the French and the modern outfitting of France."

At first glance, who could find fault with statements like that?

Power More Durable Than Political Power

Actually, the real reasons are to be found elsewhere. Above all else, it is a matter, if not of substituting the conquest of economic power for the conquest of political power, then of strengthening the latter by means of the former or of leading up to it. Naturally, dogma is not at stake. The possession of political power remains the prime objective and the necessary condition for social revolution. It is allowable, however, without falling into the errors of social democratic reformism, to win economic powers beginning now within present society in order to facilitate the winning of political power.

One of two things is true:

Either--and this is an unlikely hypothesis--the voters will return the current majority to power in the next legislative elections, in which case the Communists will be in a stronger position to increase their representation in the

councils of government on the basis of the economic powers they will already have won;

Or--and this is what has every chance of happening--Socialists and Communists will lose their majority in the National Assembly. The CP will probably resign itself to "alternation in power."⁵ It will therefore not try to remain in the government despite everything, but while departing from the ministerial palaces, it will not be relinquishing power entirely. Not only will it leave behind a number of its own people--known or unknown--in important positions in the state apparatus, but it will retain at least some of the rights and means that it--pardon us, that the "workers"--will have gained within the firms. Its work as an opposition party will be greatly facilitated as a result.

Let us take one example--almost a marginal one, but one familiar to everybody. Everyone has heard of the welfare activities of the EDF [French Electric Power Company] and the GDF [French Gas Company] and of the size--exceptional and almost scandalous--of their financing by the firms--that is, the customers. Everyone also knows that those activities benefit not only the personnel of those two nationalized enterprises but also--primarily politically and secondarily in a material way--the CGT and the CP. And who set up that system in 1946? Communist Marcel Paul, who was minister of industrial production at the time.

Thirty-seven years later, the Communists are still benefiting from the powers that their participation in government enabled them to win at that time in the economic and social areas.

They were removed from the government on 5 May 1947, but it took about 15 years to root them out of the administrative and industrial sectors where they had established themselves, and never anywhere, or almost, has it been possible to oust them completely.

By 1986, their entrenchment in the economy will be incomparably more solid than it was in 1947.

New Logic

Lastly--and this third reason is not the least important--they are making every effort to establish an economic system without giving the appearance of doing so. That system is the "new logic," and it is similar to the Soviet type. Once established in extensive sectors of the economy, it threatens to have a logic of its own that will be impossible to halt without efforts that will be costly politically and socially--and perhaps economically as well.

Raging at Employers

It can well be expected that to justify the right of the "workers" to snatch away from the employers at least part of the management of firms, the Communists will not rely solely on the strength of a principle, especially one as vague and "unmotivating" as "citizenship in the firm." It is more in keeping with their style to apply themselves to disgracing the employers--to mobilizing discontent and resentment against the employers and their management.

That attitude on the part of the Communists is so natural (class struggle has its responsibilities) that we might simply mention it for the record except that over the past year, certain changes in the line of argument--or rather, in the diatribe's points of application--have been observable.

The Communists first attacked the incompetence of the capitalist bourgeoisie--an incompetence proven by the crisis and its persistence. "It has been disqualified from continuing to exercise unshared economic power: from continuing to withhold from the workers the right to intervene in business management," said Georges Marchais in November 1982 during a lecture at the party's central school (L'HUMANITE, 30 November 1982).

The Communists have probably realized that it would be awkward for them today--after exercising power for 30 months--to stress the incompetence of their opponents in the field of economic management: one does not mention rope in the house of a hanged man. That also explains why they are referring less and less to the legacy of previous presidents as an excuse for today's difficulties (although the Communists are much less reticent than the Socialists about using that argument). But while the blame they now place on the "capitalists" is no more just, it is infinitely more serious. They are no longer talking about incompetence, but about sabotage and treason or something extremely similar.

"As far as we are concerned, the privileged people are the 110,000 families who have 1.5 trillion francs and who use that fortune not to invest in French industry but to speculate abroad," proclaimed Georges Marchais to a few handfuls of managers, technicians, and supervisors who had come to the Renault plant in Billancourt on 13 October.⁶ Rene Le Guen had been even more specific in his accusation. In his report to the Central Committee on 20 September 1983, he claimed that "the wealth produced in the firms is being squandered on dividends to those with big fortunes, exports of capital, monetary investments, and speculative financial operations" (L'HUMANITE, 22 September 1983).

Cause a wind of panic to blow across the country as happened in 1793 or 1917, and you will have no difficulty in transforming those reproaches into accusations and turning those operations (perfectly lawful and in most cases useful to the firms and the country) into offenses and crimes that can only be gotten rid of by terror.

Incidentally, the Communists are not restricting themselves simply to denigrating the employers and trying to disgrace them. They are doing their best at the same time to divide the employers--a well-known tactic--not only by turning the PME [Small and Medium-Sized Businesses] against the "big employers"--"the stifling of the PME, especially those connected with subcontracting," Le Guen said--but also by trying to break the CNPF [National Council of French Employers], which is being insulted as never before, described as "the center of activity for the American party" (Le Guen) (again that implicit threat of being accused of treason to benefit foreigners), and threatened with having its funds cut off.

"The elimination of Renault's contribution to the CNPF must become the demand of the wage earners" was the advice G. Marchais gave his listeners at Renault

in Billancourt. "Money is being taken from your labor and paid to the CNPF, which wants to derail the change. This is not admissible. All the more when one considers that in view of what the nationalized sector represents today, it would be possible to establish a separate professional group" (L'HUMANITE, 22 September 1983).

Two employers' organizations, or even three or four, in place of one would probably be of no advantage to the wage earners, especially those in small firms, but such a development would serve the party well in its progress to power.⁷

Two Levers for Stirring the Masses

Weakening the employers by disgracing and dividing them will not be enough to replace them--to take over. And it is not enough to have passed laws strengthening the powers of the enterprise committees--powers which are still only advisory--to force management to discuss things with the unions in the firms. It is also necessary to bring about support by the "masses" for those claiming to represent the workers and wanting to enforce those "new rights" to help bring about the basic transformation of the economic and social system in a socialist direction.

To succeed in that undertaking, the Communists are working two levers with some success--two key ideas which are closely related to each other but distinct: one is "protect jobs," and the other is "produce French and buy French."

Produce French

"Produce French and buy French." The reader still remembers the "action week" sponsored jointly by the CGT's French Federation of Book Workers and its Paper and Board Federation from 19 to 25 September 1983. The purpose was to force newspapers to use only paper of French origin. That was one instance out of 1,000. For the past 2 years, LA VIE OUVRIERE and L'HUMANITE have been full of (more or less truthful) reports on actions carried out on behalf of the "re-conquest of the French market" to force employers to buy French.⁸

We will limit ourselves to only one example that is quite characteristic of the methods used. On 17 October 1983, LA VIE OUVRIERE reported that the CGT's union at FACOM, a company that manufactures tools in Villeneuve-le-Roi in Val-de-Marne, had protested to management because 95 percent of the special steels used in the firm's production were imported from the FRG. When management claimed that it was impossible to find the steels it needed at competitive prices on the French market, CGT officials brought to Villeneuve a delegation from the CGT union at the Pompey Steelworks, which was in the process of being closed down. That delegation claimed to prove that its firm did produce the steels FACOM needed at competitive prices.

It is impossible for almost any reader to know what the data provided to him in that fashion are worth, but this does not prevent news of this kind from disturbing people.

By simply adding that the savings realized by buying abroad are out of all proportion to the aid that will have to be given those who may lose their jobs due to the loss of the domestic market, it will be easy to persuade the workers directly concerned, and even others, that it would be in the general interest for the government to pay French firms a subsidy allowing them to sell their products at competitive prices.

"Social profitability," as Philippe Herzog and the PCF's economists say, must take priority over "financial profitability" or, in any case, must modify the strict criteria governing that profitability.⁹

Protecting Jobs

The other theme makes even more effective action possible.

Inspired in this instance by their thoughts on the "Lip affair," the Communists systematically reject both collective layoffs and the closing of firms, even when they know that such measures are completely justified both economically and socially: if a certain number of jobs are eliminated, the others are saved. And just as happened at Lip, they do not stop at protests or even the mobilization of public opinion: they prevent management from carrying out its plans by going so far as to occupy the premises, and that occupation may last for weeks or months. Some cases of occupation have lasted for years.¹⁰

Preventing an "industrial" or "employer's" solution cannot suffice. So to their rejection of management's plan they add a suggestion for another solution, which almost always includes lasting intervention in the form of government financing, once again modifying the criteria for "financial profitability" in the name of "social profitability."

The final step consists of having the troubled firm taken over by a Workers Production Cooperative Company (SCOP), always with the government's help. Everyone remembers the example of MANUFRANCE, but the Communists have probably set up or tried to set up about 100 SCOP's in this way over the past 2 or 3 years. They have been more or less successful, but have failed more than they have succeeded.

Technical Progress and Unemployment

In these actions, the Communists are very careful not to appear conservative or backward-looking. They do not deny the need for technical progress: technical progress is a good thing. But the Communists refuse to join in what G. Marchais presumed to call "the refrain constantly harped on by the big employers to the effect that technical progress is synonymous with fewer jobs" (L'HUMANITE, 12 October 1983).

Here we have a fine example of the sophisms involved in unscrupulous dialectics. The "big employers," repeating a well-known thesis among liberal economists, have often shown that while technical progress may eliminate jobs in some sectors, it brings about the creation of jobs in other sectors, either upstream or downstream. So from an overall standpoint, one can say that jobs are not eliminated, but transferred.

The Communists arm themselves with that argument to proclaim that technological unemployment is not inevitable and then, deliberately confusing the overall picture with the local situation--here is where the sophism comes in--they claim that every cutback in jobs due to a technical change reducing the size of the necessary labor force can and therefore must be not only accompanied but even preceded by the creation of at least an equivalent number of new jobs by and in the same firm.¹¹

In the National Assembly, G. Marchais prudently presented that idea in a milder form. He said: "No elimination of jobs without the prior negotiation of new jobs within the group or region" (L'HUMANITE, 12 October 1983).

The fact is that in most cases, the Communists demand--with occupation of the plant to back them up--that the workers who are to become redundant be re-employed at the same spot, partly by reducing the workweek, but also and especially by creating new activities on the spot--within the same firm and by the same firm, either directly or indirectly.

In both cases--in the latter more than in the former, but also in the former--the firm's management is saddled with an almost impossible task which, even if it were carried out successfully, would compromise the operation of technological modernization that caused it by delaying implementation of that modernization and, as a result, the expected beneficial results, since it would increase the firm's costs. The firm would find itself in the position of being forced, as it were, to finance two different investment operations at the same time.

In such conditions, how could technological modernization yield its full results, if indeed the company heads are not discouraged from undertaking it at all?

Toward Autarky

Let us dismiss the readily popular and "mobilizing" pretexts--preservation of the production apparatus and the protection of jobs--behind which the Communists conceal their true intentions and look at the end result of Communist participation through unions or enterprise committees in the management of firms and of the economy. It will be seen that by following the two main lines of their policy, one winds up with an economy of a type strangely resembling the Soviet type.

Reconquest of the domestic market as they conceive of it through aid to unprofitable firms leads inevitably to an autarkic system. While they condemn as "folly... the priority race for exports in an effort to eat up the markets of others" (P. Herzog) and the idea of "everything for export," which "would amount to making our economy fragile and our situation worse" (R. Le Guen), they are careful not to say that they want to establish a monopoly on foreign trade. But to anyone familiar with their jargon, they betray their hidden intentions by using a well-known expression in the "wooden language": they no longer talk about international commerce or the world market; instead, they talk about "exchanges of mutual interest" and "mutually advantageous exchanges." That is the formula used by the Soviets to justify their commercial operations,

which, it would seem, are aimed neither at the search for profit nor at the exploitation of man by man or of one country by another, but at mutual assistance.

But the characteristic feature of those "mutually advantageous exchanges" is that it is the government which decides what is advantageous and which, to do so, pays attention only secondarily to costs, as one example. One could say that the criterion of "financial profitability" is no longer replaced by the criterion of "social profitability" but by that of "political profitability" and, indeed, even "military profitability."

What it all boils down to, in short, is that the foundations are being laid for strengthened state intervention in the economy, because it is very obvious that when firms must sell at a loss on the foreign market (for example, because it is necessary at all costs to obtain foreign exchange), they are justified in asking the government to compensate in one way or another for the losses it imposes on them.

Talking about mutually advantageous exchanges means talking about the planning of distribution on an international scale.

Firms Kept Artificially Alive

Protecting jobs at all costs leads to the same result as a reconquest of the domestic market that is not based on the competitiveness of the firms. Layoffs are too painful to be decided on lightly: except for possible but rare errors in judgment, they are justified by the situation. Without them, let us repeat, it is the firm that disappears, and its disappearance results in the elimination of jobs that could have been saved. The Communists nonetheless oppose them, and this leads them to propose that the firm be kept artificially alive through government aid.

Multiply cases of this kind, and you gradually wind up with an economy where truth in prices no longer exists, exactly as in the USSR, where the government intervenes continuously in the life of the firms and where the firms no longer have capital of their own: they rely on government credits whose size and necessity reduce the firm's freedom to nil. Look at the situation of the big steel enterprises before they were nationalized.

The Communists may repudiate, as they do, the terms "collectivism" and "collectivization," which frighten people. But this does not mean that they have renounced their objectives. Relying on precedents due to the permeation of minds by socialist propaganda--again we draw attention to the steel industry--they are trying to promote a deceitful government takeover of the economy. To do so, they are using indirect procedures which, in comparison with nationalization, have the advantage of not clashing with all or some public opinion. But after several years of practices of this kind, the foundations of a state economy will have been laid, and it will be very difficult for a liberal government to return quickly to practices more in line with the market economy, if only because the communist-inspired or socialist-inspired unions will not readily give up the powers they are now claiming for themselves in the name of the workers--powers

which they are gaining thanks not so much to the new laws as to the government's indulgence and encouragement.

FOOTNOTES

1. Concerning this "assessment," see "Interview With a High Communist Official," published as an appendix to Yves Roucaute's book "The PCF and the Pinnacles of State From 1945 to Our Day," Paris, French University Press, 1981, 1 vol, 192 pp.
2. Philippe Herzog, "L'Economie a bras le corps, Initiation aux politiques économiques actuelles" [Grappling With the Economy: an Introduction to Current Economic Policies], Paris, Social Publishing House, "Problems" Collection, 1982, 1 vol, 332 pp.
3. "Citizens in the firm": Here we have an example of the ability of the Communists to "take over" formulas tried by others once they have proven their value. The slogan in question was actually introduced in union circles not by the CGT but by the UCT (Union of Managers and Technicians), an organization established in 1969 under the leadership of Gilbert Nasse, Eugene Quidet, and J.-L. Mandinaud by dissident CGC [General Confederation of Managerial Personnel] unions. They rejoined that confederation in 1981.
4. Francois Billoux, "Quand nous étions ministres" [When We Were Ministers], Paris, Social Publishing House, 1972, 1 vol, 192 pp. The date is significant, since it was then that the common program was being worked out. By recalling the precedent established in 1944-1947, the PCF was announcing its candidacy for participation in the government and simultaneously justifying its possible participation in the eyes of its troops.
5. In a future issue of EST & OUEST, we will analyze the PCF's thinking on this question of alternation in power.
6. L'HUMANITE, 17 October 1983. Was it on the basis of a new provision in the "Auroux Laws" that Marchais obtained authorization to enter the firm's premises "at the invitation of the PCF section at Renault's parent plant"? One would really have to read a lot more into the law in question than is expressly stated there to take it as the basis for authorizing those non-union individuals to enter the firm at the request of a political organization.
7. When they came to power, the Socialists were nourishing intentions of that kind toward the CNPF, but the government quickly realized the difficulties that would be created for it by the multiplication of interprofessional employers' organizations. The Communists kept going with the original plan. The relative moderation of their attacks on the SNPMI has been noticeable, even though its language is much more strongly anticommunist than that of the CNPF. But regardless of their feelings toward the SNPMI, they view it as an "objective ally" because, in their opinion, it can help them divide and thus weaken the employers.

8. Here are a few headlines: "Detailed Review of an RATP [Independent Paris Transport System] Bus. Communists at Thiais and Rungis Yards Raise the Hood: Too Many Foreign Parts" (L'HUMANITE, 26 November 1982); "Agricultural Credit Bank Must Remain French-Equipped" (L'HUMANITE, 6 November 1982); "Rennes: Foreign Parts Under the Hood of the BX. Investigation by the Firm's Communists" (L'HUMANITE, 4 December 1982); and "Tuna Boat Taken Apart at La Manche Shops and Shipyard. CGT Asks that Subsidies Be Used To Buy Domestic Equipment" (L'HUMANITE, 18 October 1982).
9. Along these same lines, attention should be drawn to the attacks on "capital exports that are contrary to the development of tools for labor. The owners of Peugeot, Michelin, Bouygues, Casino, and the BSN have not invested money in those firms in France for years, but they are pumping big profits out of them" (P. Herzog in L'HUMANITE, 19 August 1983).

That, too, is a theme that is easily made popular.

It will be noted that the nationalized enterprises are not spared. The PCF section at Boulogne-Billancourt recently denounced Renault management's "world-directed strategy" and its "excessive investments on the other side of the Atlantic," which are already resulting in "reimportation of the 2,000 Renault vehicles" (L'HUMANITE, 19 August 1983).

10. Some of those plant occupations rapidly lose their "mass content," to use Communist language. The employees lose interest in an action that is highly likely to lead to nothing. Occupation is carried out by a handful of party members supported from the outside by the party, which acts directly or through the municipality. (In his interesting book on "The Communist Municipalities: Balance Sheet After 30 Years of Administration" (Paris, Balland, 1983, 1 vol, 478 pp), Raymond Pronier talks about the "municipalization" of strikes: "Sometimes we see a rapid municipalization of the struggles. This tendency has often won out since 1975, especially in the Paris suburbs. Some struggles became so 'municipalized' that after a few months, they were only empty shells. Inexorably, the strikers melted away, and the firms were left occupied only by a very small core that was supported at arm's length by the city hall and CGT apparatuses" (op. cit., p 280)).

Even when supported by the "majority," plant occupations are indefensible not only from a strictly legal standpoint but also from the standpoint of human rights. Even more emphatically, they constitute an aggravated crime when they are the work of a handful of individuals who no longer have even the appearance of justification that they once drew from their will to protect the collective interests of the firm's workers. In some cases, they are not even connected with the firm.

11. "Technical progress is a good thing. Must it lead to fewer jobs? We say no. There is no inevitability of that kind. It may in fact happen that at a specific location, a modification of technology leads to a loss of some jobs, and that is to be negotiated, but in such a case it is necessary to create the activities that go along with the new technology.... It is necessary to create new jobs, and it is feasible to do so" (H. Krasucki, L'HUMANITE, 19 August 1983).

CHANGES IN CENTRAL INFORMATION SERVICE PLANNED

Zurich NEUE ZUERCHER ZEITUNG in German 27 Jan 84 p 4

[Report by "ps.": "Reorganizing of Intelligence Service in Greece--Opaque Power Relationships"]

[Text] Athens, 25 January--In accordance with a bill submitted to Parliament last Monday [23 January] the Greek Central Information Service (KIP) is to undergo large-scale reorganization. Government Spokesman Maroudas had announced as recently as last week that the intelligence service was to be subordinate no longer to the Ministry of the Prime Minister but to the Ministry of Defense, but the government announcement now provides otherwise: when the new law goes into effect, the intelligence service will report directly to the prime minister.

A Political Issue

For historical reasons, the organization, structure and functions of the intelligence service are an explosive political issue in this country. A number of those who later became members of the Athens military junta had already a foretaste of arbitrary power in the KIP offices during the period when parliamentary democracy did not always function perfectly (before 21 April 1967). They cleverly took advantage of the ingenuousness, weaknesses, ambitions and disputes of the politicians. This prehistory of the KIP explains why from time to time the public is preoccupied with the intelligence service in Greece. Particularly the tabloids carry pertinent stories in which invention and truth are intertwined. Particularly among the left but in part also outside that camp, the intelligence service is discredited by the view that it exists to provide surveillance of the views or activities of "progressive citizens." A short time ago the popular progovernment afternoon newspaper TA NEA published photocopies of documents purporting to prove that such surveillance continued after the Pan-Hellenic Socialist Movement (PASOK) assumed responsibility for governing the country. Reports and commentaries of this sort have now contributed to the Papandreou government plan to change the organization, structure and functions of the intelligence service.

Leftists' Distrust of the Armed Forces

It is not clear why the government changed its original plan "as a first step" to subordinate the intelligence service to the Ministry of Defense. This ministry, it happens, is under the direction of the prime minister himself, and Deputy Minister of Defense Antonis Drosoyannis enjoys the prime minister's complete confidence. Certain observers believe that the backtracking of the government is connected with the fact that the Communists loyal to Moscow and the leftwing of PASOK criticized from the start the plan to put the intelligence service under the Ministry of Defense. This clearly reflects distrust of the armed forces, which in part is nurtured by the opaque power relationships in the forces.

In accordance with the solution now chosen, the intelligence service is to become a "civilian agency throughout," charged with collecting "solely information for the country's security and defense," and being accountable to the prime minister personally. The prime minister is to have farflung authority, to be defined in greater detail by decrees. This is something new and could lead under certain circumstances to new abuses, for the draft bill does not provide adequate guarantees for the protection of dissenters and the prime minister is of course bound by party-political considerations.

8790

CSO: 3620/154

ROTTERDAM MAYOR VISIT, RELATIONS WITH PRC

Rotterdam NRC HANDELSBLAD in Dutch, 18 Oct 83 p 11

[Article by Friso Endt: "China Wants to Intensify Relations with the Netherlands"]

[Text] BEIJING, 18 Oct.--The People's Republic of China wants to improve relations with the Netherlands. Since the submarine affair of 1979, relations between the two countries have dropped to the level of an office of the charge d'affaires, but in the last few months there have been signs that China wants to strengthen those contacts.

This became especially apparent during a visit, through an invitation from Rotterdam's sister city Shanghai, to the People's Republic this week by a trade delegation from Rotterdam, led by Mayor Dr Bram Peper.

Before their visit to Shanghai, the delegation, which is composed of five top officials and seven representatives from the business community, was received in Peking by a number of important vice-ministers from the ministries of communication, coal, and foreign affairs. The visit to Beijing was concluded with an official reception in the Great Hall of the People by the vice-chairman of the Chinese National People's Congress Zhu Xigong, one of the most important officials in the country. This reception is a clear signal that China wants to strengthen its ties with the Netherlands.

Saving Face

This has also been apparent from contacts between Shanghai and Rotterdam which as sister harbor cities have long been maintaining relations despite the submarine affair with Taiwan. In the first few days of the Rotterdam delegation's visit, a clear message was delivered to the delegation by top Chinese leaders: We want to maintain relations, how can you save face vis-a-vis the submarine affair with Taiwan?

Initially during the Rotterdam delegation's visit, conversation centered exclusively on China-Rotterdam relations. Finally the Vice-Minister of Foreign Trade Jia Shi clearly put an end to that comedy by talking about Netherlands-China relations, whereby China, to save face, would play the principal role. Mayor Peper steadfastly answered this observation with his own

unique phrase: "As far as we are concerned, there is but one Rotterdam and one China." With this phrase the hosts would often smile broadly.

Vice-Minister Jia Shi literally said: "Of course trade cannot be seen separately from politics. The trade between China and the Netherlands has certainly increased, but is still inhibited for reasons well known by you. In comparison with other countries the economic relations and the execution of certain projects are lagging behind.

But I do wish to establish that we deeply appreciate Rotterdam's stand in view of the Taiwan affair." (At that time Rotterdam declared its uneasiness over the submarine affair out of fear, among other things, for cargo loss.) And the vice-minister continued: "Still I am convinced that economic and trade relations shall increase further with the Netherlands next year." "But," he said, "Hamburg and Antwerp are also good ports, and in a stiff competition with those ports you will really have to perform." With that the minister chuckled almost with impertinence.

Bold

Following that in his reply Mayor Peper forthrightly said that Rotterdam at the time did not appreciate the government's decision regarding submarines. "Governments make mistakes also, and the citizens of Rotterdam are sometimes so bold as to voice their opposition."

"But," he added, "through our relations with you, we are also in a better position to influence our government in these types of cases. I am therefore very glad that China places such value on relations between Shanghai and Rotterdam."

On the questions of whether Dutch companies can establish more joint ventures with Chinese companies, and if it is also possible for Dutch trade and industry to establish a business or open offices in Beijing, the Chinese vice-minister answered that if relations improved those problems would be solved quickly. "As far as that is concerned, you have fallen behind other countries," he said, again with a broad smile on his face, "you can conduct trade with Taiwan through private enterprise, we have nothing against that. But it must not occur on an official level. Moreover, we appreciate your avoiding official negotiations with Taiwan." The last was a remark in the direction of our charge d'affaires Dr Smitsendonk who was present at that event.

Exchange

Since 1978 Rotterdam has quietly maintained the bond with Shanghai including, among other things, financing the stay of soccer and tennis coaches in Shanghai, and inviting Chinese gymnastics teachers to Rotterdam. For some time now the superintendent of municipal works has often stayed in Shanghai to assist with the preparation for building a number of tunnels under the river near Shanghai, according to a system of sinking methods which is being applied in the metro construction in Rotterdam.

Moreover by maintaining an open channel with China via Shanghai, in accord with the ministries of foreign affairs, and economics Rotterdam has already invested several hundred thousand guilders. This summer Shanghai asked for more. In a protocol presented 6 weeks ago, Shanghai proposed an exchange of economic and technical study groups, the reciprocal sending of harbor delegations in 1984, and bringing retired Rotterdam managers to Shanghai to advise local middle and small businesses.

Floral Exhibit

Also, they want to send a small floral exhibit from Shanghai to Rotterdam, exchange soccer teams, organize an exhibit of old paintings from Rotterdam in Shanghai, and exchange zoo animals between the two cities. Finally, Shanghai very officially announced that it would very much appreciate an invitation from Rotterdam to receive a visit from an official Shanghai delegation to Rotterdam in the fall of 1984 under the leadership of that city's mayor.

Where Rotterdam's delegation has the biggest headache is an idea advanced by Shanghai to send a number of Chinese to Rotterdam and acquaint themselves with the latest technology in the area of poultry farming and the beef industry. Rotterdam is thinking of approaching Unilever on that. Because they know precisely that the Shanghai initiatives can only be taken with the blessings of the central authorities, they are convinced in Rotterdam that in this manner China is strengthening bonds with the Netherlands by giving them a Rotterdam face.

Hence, before his departure, Mayor Peper held extensive discussions with top officials from the ministries of foreign affairs, economic affairs and agriculture, and is planning after his return to strengthen the so-called China lobby in the Netherlands. For it would, of course, be extremely annoying if, upon the arrival of the dignitaries from Shanghai, the submarines for Taiwan would be put to water, accompanied by lots of horns or fanfare. In Rotterdam they would much prefer that the submarines sail under water to Taiwan.

12529

CSO: 3614/10

PALME FAILS IN BID TO IMPROVE RELATIONS WITH CENTER

Oslo AFTENPOSTEN in Norwegian 24 Jan 84 p 11

[Commentary by Morten Fyhn]

[Text] Swedish Social Democratic party secretary Bo Toresson went courting last weekend, but he was turned down. He had hardly managed to state his case before his chosen one slammed the door in his face. "It is impossible for us to participate in any organized political cooperation with the Social Democrats as long as they are conducting collectivistic, centralistic, and socialistic policies," Center Party chairman Thorbjorn Falldin said.

Toresson's proposal for a political marriage between the Social Democrats and the Center Party was last weekend's political sensation in Sweden. The party secretary could "well imagine" a coalition government of the two parties after the next parliamentary elections in 1985.

Of course, Toresson knew that there could be no marriage unless the parties first got to know each other better. For this reason, he said that the Social Democrats and the Center Party should begin cooperating in parliament and begin to develop relations of a more intimate nature, i.e. a coalition government.

But Falldin is not in a romantic mood at present and he threw his suitor out. Now there is no one left for Toresson to woo, since he has lost interest in the Liberal Party which, under its new leader Bengt Westerberg, is following a neoliberal line, according to Toresson. By that he means that the Liberal Party is following a more clearly defined nonsocialist policy that under Ola Ullsten. Most people agree with this observation. "I know that there is a social-liberal core in the Liberal Party, but its spokesmen are keeping a low profile at present," Toresson said. That, too, is a correct observation.

Nevertheless, the Social Democratic initiative is interesting. Shortly after Christmas, former Prime Minister Tage Erlander suggested the idea, but it was rejected. This is not so strange, if you think about it.

During the 6 years from 1976 to 1982 the Social Democrats, under the leadership of Olof Palme, conducted a tough and uncompromising war against the nonsocialist majority in parliament and against the various nonsocialist governments. The opposition's policies were characterized by implacability. At times the tone

was malicious. The bitterness of the Social Democrats over losing their power was surpassed only by their zeal to regain it.

Then, in the fall of 1982, Palme again became prime minister. On election night he announced his policy of the so-called outstretched hand. Palme wanted to cooperate across political blocs. He wanted broad political solutions. But he never revealed any desire to make concessions to the opposition. No one has heard Palme say that political cooperation should mean that the Social Democrats and the government would be willing to compromise.

Palme's outstretched hand was met by a cold shoulder. Falldin, whom Palme accused during the election campaign of dismantling the welfare state and intentionally increasing unemployment, was especially bitter. These accusations were rude and unjust. It is commonly believed that Falldin was both hurt and enraged. Palme repeated his invitation to the Center Party, but at the same time his government rammed the controversial wage-earner funds through parliament. The three nonsocialist parties then promised to abolish the funds if they won the 1985 elections.

The Conservative Party, the Center Party, and the Liberal Party also announced that they intended to form a three-party government after 1985.

It is difficult to believe that the Social Democrats have any hope of working together with the Center Party. This has occurred twice before, to be sure. In 1936 Per-Albin Hansson formed a coalition with the Agrarian Alliance, as the Center Party was then called. From 1951 to 1957 Tage Erlander did the same. But no one believes that Olof Palme can repeat this performance today.

The political climate in Sweden today is far more harsh than it was when an alliance between farmers and workers was possible. But both Palme and Toresson know that there are certain forces within the two middle parties that are skeptical toward and perhaps even openly opposed to a coalition government with a large and self-assured Conservative Party. Now these forces are being encouraged. In addition, the Social Democrats do not want to cooperate too closely with the Communists.

Olof Palme is leading a minority government that does not always have an easy time in parliament. He wants a broader and more secure base in order to gain additional strength. As long as the wage-earner funds are in existence, however, this will be impossible. There will be another clash between the political blocs in 1985.

9336

CSO: 3639/64

BRIEFS

UNION COOLING SOVIET TIES--Contacts between the Swedish LO [Federation of Trade Unions] and the national union organization in the Soviet Union have cooled in recent years, according to TT. LO chairman Stig Malm will not make a reciprocal visit to his colleague, Stephan Chalechev, in Moscow. The reason is the Soviet Union's attitude in the Agapov case. At a recent meeting in Moscow, Chalechev explained to LO's international secretary, Erik Karlsson, that Velentin Agapov's family will not be allowed to go to Sweden. Agapov left his land 10 years ago illegally and is regarded by Soviet authorities as a traitor. Therefore he cannot be reunited with his family. [Text] [Stockholm DAGENS NYHETER in Swedish 10 Feb 84 p 9] 6578

CSO: 3650/115

PREPAREDNESS, BUDGET CONSTRAINTS, LOCATION OF LAND FORCES

Paris LE NOUVEL OBSERVATEUR in French 30 Jan 84 pp 36-42

[Article by Jean-Pierre Sereni and Claude Villeneuve: "Can France Defend Herself?"]

[Text] Twenty-four soldiers killed in Lebanon, a Jaguar downed in Chad. Considering its diplomatic commitments, the technological shock and the budgetary austerity, can the armed forces cope?

Has the prewar period begun? For the third time in a century, Europe is doubtful about lasting peace. The Falklands, Chad, Grenada, Lebanon, red berets, Euromissiles or blue helmets: each time, public opinion turns toward its military people. To applaud them or to reassure itself. In France, the armed forces have never been so popular. They are No 1 in West Europe, with a nuclear panoply more complete than Great Britain's and a conventional force comparable to that of the FRG's Bundeswehr, which does not have any nuclear armament. In the barracks, the shoals of 10 May 1981 have been crossed without mishap: the president impresses with his anti-Soviet resolve, and the solicitude of his minister of defense, who is less militant than military, is reassuring. And the shadow of General de Gaulle continues to hover over the institution.

"We are strongly Gaullian if not Gaullist," grants Jacques Soppelsa, professor, president of the University of Paris I, and general delegate, in the Socialist Party, for problems of defense and disarmament. From the beginning of the Fifth Republic, General de Gaulle built the doctrine, which the generals call the "concept" and which can be summarized in four imperatives: 1. a totally independent nuclear deterrent force; 2. solidarity with the Atlantic Alliance, but without integration of forces or automatic commitment; 3. defense of the French interests throughout the world; 4. a self-sufficient national armaments industry that exports heavily.

Today, the consensus as well as the concept threaten to break under the shock of the changes.

Economic change, represented by the ongoing budgetary austerity. Technological change necessitated by the speed of evolution of the materiel.

Finally, strategic and diplomatic change, with the hardening of East-West relations and the missile race in Europe.

Austerity--The Crisis is sparing no one. After Social Security, the "tierce," and beef, defense has been affected in turn. The ardor of 1982, with a military budget up 18 percent, is forgotten. Under the pressure of the weakness of the franc, it has been necessary since the beginning of 1982 to freeze Fr 13.2 billion in program authorizations. That was the signal. Like it or not, the French armed forces have gone into an austerity mode. And for a long time. Its 1984 budget, in terms of constant francs, is up only 0.4 percent--less than Fr 600 million, barely the cost of two modern combat planes. This is a very slim and very fragile supplement, at the mercy of the least inflationary slippage from the official price objective. The next budgets will not be any fatter. "It is going to be necessary to work with stabilized budgetary packages," it is recognized on Rue Saint-Dominique. The recovery hoped for in 1986 (see graph on a following page) remains largely hypothetical and depends entirely on a vigorous economic upswing, on the order of 3 to 4 percent--unless the president's ambition to lower the obligatory levies is abandoned or civilian expenditures are cut into.

In 1984, 580,000 persons in uniform and Fr 142.1 billion--an increase of 6.7 percent. The defense budget favors the equipment expenditures (up 9.3 percent), and even more, the nuclear forces (up 13.6 percent). "We are sharing in the austerity along with everyone," notes General Maurice Schmitt, Army major general. This former commanding officer of the 11th DP [Paratroop Division] who left his paratroopers to do his time in purgatory behind a desk adds: "With an increase of 3.95 percent, we are close to the 4 percent that we consider to be a reasonable ideal."

Tribute--He is a worthy person, this major general, for it is his sector that is paying the heaviest tribute to the austerity: 18 regiments fewer, 6 garrisons abandoned, 16 °C in the barracks, 100 days of sortie time--sorties being training in the broad sense--instead of 110 for the 2nd Hussars at Provins, and more meetings than maneuvers. Midway between the desert of the Tartars and the Auroux laws. Day-to-day life, maintenance, training and instruction take two-thirds of the budget, the defense-budget rapporteur notes. It was necessary to cut down.

But this does not represent the most serious difficulty, which lies in the 1984-1988 programming law--a "slipping" programming law, in which the rates of increase for the years 1986, 1987 and 1988 are optimistic but highly imprecise, and are calculated on the basis of 5-percent inflation. "Only half of a programming law was passed," remarks Mr Yves Lancien, Paris deputy and the RPR rapporteur for defense. "In reality, 2 percent of the armed forces' buying power is going to be lost in 1984, and the same in 1985. And in 1986 there will be a new debate, in which the credits will depend on the economic situation at that time."

It is here that the economic uncertainties run up against the certainties of technological progress, and it is this second change that defense has to confront.

The technological revolution in progress on the other side of the Atlantic, with the emergence of the "intelligent weapons," involves mainly the conventional ground forces rather than the "star wars" dear to Dr Strangelove. "What is new is the ability to reach distant (40 km) objectives on the ground with great precision," says a young engineer of the General Directorate for Armament. This makes it possible to hit the enemy's rear and explains the favor they enjoy with the American strategists--in particular, General Bernard Rodgers, the chief of NATO. This is now the Alliance's official doctrine, and a general effort is to be made in favor of this new generation of weapons, so as to reduce the allies' dependence on American nuclear deterrence. To put it simply, the objective is to delay as much as possible the crossing of the nuclear-fire threshold, and for this purpose, to equip the European armies with ultrasophisticated materiel capable of doing almost as well. But for a higher cost! These new technologies that substitute electronic precision for nuclear power are indeed expensive: very-high-performance target-identification systems, computers for instantly translating the data into firing orders, explosives capable, in small amounts, of piercing the most solid armoring, and self-guidance systems for getting the charges to the objectives are needed. Thus equipped, NATO's forces should be able in the future to repel an invasion by the Red Army by decimating its armored divisions, demolishing its air bases and devastating its lines of communication in East Europe. The "intelligent weapons" would thus make it possible to annihilate the Soviet numerical superiority without recourse to nuclear deterrence.

Pressure--This "Made in U.S.A." scenario does not win the total conviction of the French specialists, who have a great many reservations, both technical and operational. Nevertheless, it is impossible to ignore the American pressure to sell this new generation of weapons to its European allies. The future of the French armaments industry--No 3 in the world--and of hundreds of thousands of jobs is at stake.

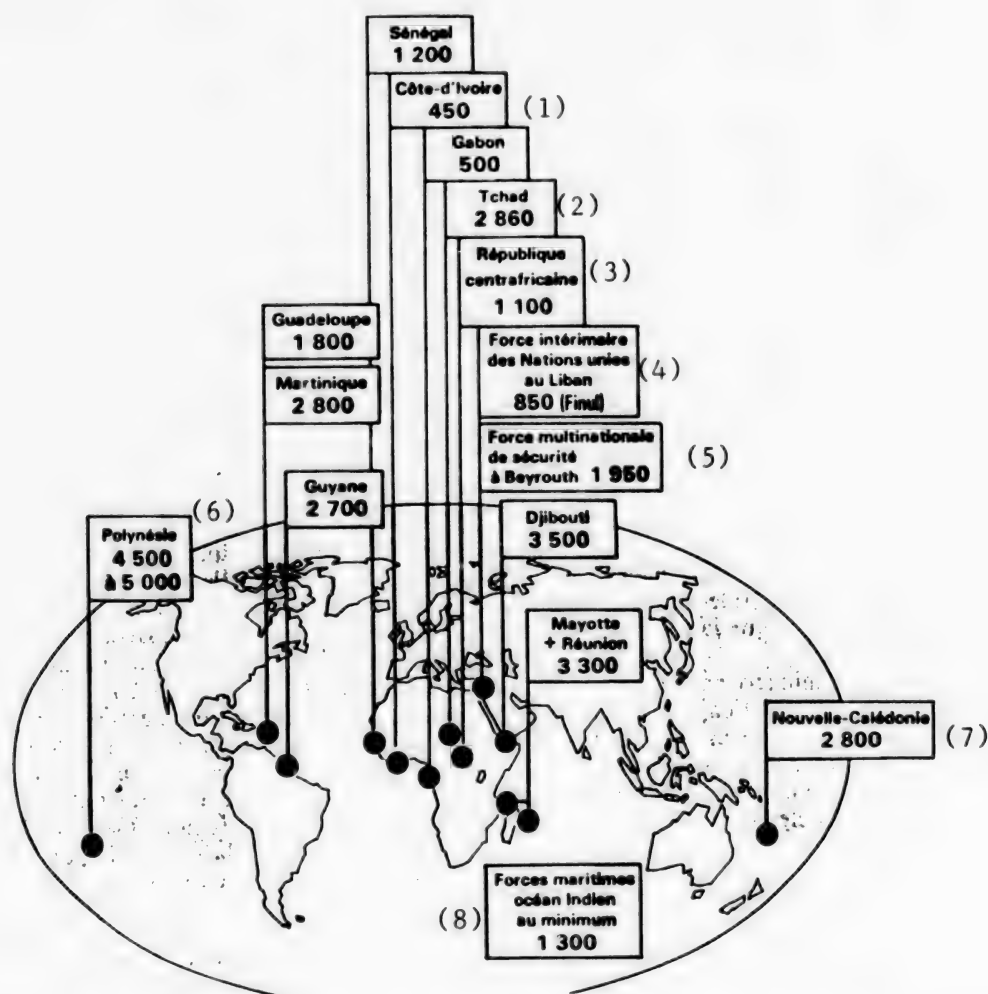
All the more so in that its big foreign customer, the Third World, which takes more than 75 percent of French arms exports, is showing signs of running out of steam. The "contract of the century" with Saudi Arabia and the exceptional arms needs arising from the conflict between Iraq and Iran--two big oil powers rich in foreign exchange--do not change the fact of the distinct downward trend of our sales in the last 2 years (see graph). "To some extent, it is a matter of saturation; they have bought everything they need for their parades," a colonel says ironically. One product--the Mirage 2000 from Dassault--and a handful of customers--fewer than five Arab air forces--represent the bulk of the orders for 1983. As a gauge of the peril, we note that in 1982, the foreign orders were twice those from the French armed forces. Iraq was delivered 150 Roland antiaircraft missiles, while the French ground forces received 116. Without these foreign outlets, the very existence of a complete national armaments industry--one of the pillars of Gaullist military doctrine--would be jeopardized in the long run.

The third upheaval is a diplomatic and strategic one. The Euromissiles battle has been a very severe trial for the Europeans. "The Kremlin was within an inch of winning a great psychological victory, the biggest one since

1945," advises a general who has followed all of its ups and downs. "It was necessary to reassure the Germans, who had been put under great pressure not to give in," it is told by someone close to the president. Francois Mitterrand's speech to the Bundestag in February 1983 expressed a political objective: to strengthen the solidarity of France with the FRG. But how to give it concrete form? There was no question of automatically extending the French atomic umbrella to cover the FRG (no state in the world has made such a commitment to its allies). Nor of sending the 1st Army to fill a slot on the Elbe in peacetime and thus guarantee its participation in a forward-area battle. The left, the Gaullists and the General Staff are firmly hostile to that, for diametrically opposite reasons. In the end, Paris has decided to make three important military gestures to reassure its ally on the other side of the Rhine:

1. the French Army's tactical nuclear weaponry, based exclusively in France, is to be modernized; starting in 1992, the Pluton missile will be replaced by the Hades, which, in the Germans' view, has the advantage of three times as long a range (350 km), and thus of being fired from French soil at a target that is not necessarily in the FRG;
2. in contrast to the Pluton, the Hades will be independent of the 1st Army, which will thenceforth have only one mission and one task: participation in conventional actions with the NATO allies, as decided on jointly;
3. the Rapid-Action Force (FAR), strengthened by three divisions, will henceforth be able to take action in Europe--90-percent in the FRG, that is, for geographical reasons, even though the General Staff does not rule out its use in Norway, Italy or Spain.

All these changes in French military policy are expensive. The General Staffs have to be moved, assignments changed, units redeployed, thousands of tons of materiel transported, etc. And the lags accumulated over the years have to be made up for. With tanks which, in their vast majority, are 20 or even 30 years old (20 for the AMX-30, 32 for the AMX-13), an old Navy, half of whose ships are more than a quarter-century old, and Mirage IV's 25 years old. Don't the shifts, postponements and changes (Mirage IV, Super Eten-dard) present the risk of building up an insuperable lag between now and the year 2000? Officially, the answer is no. As regards the figures, first of all. Even if the pessimists cite a considerable American and Japanese lead in the ceramics and paints that escape radar, even if the studies for the communications satellites are lagging, France, the authorities declare, is keeping up. Mobility and protection, reduction of noise in ships, new materials for airplanes, prevention of chemical poisoning, mastery of the states of wakefulness and sleep, the Marisis project for a big scientific computer of digital simulation, etc. Electronics, computer technology op-tronics, telecommunications--the credits for research and development come to a total of 26.5 percent of the armed forces' equipment budget. But project completions are falling behind: a delay on the seventh nuclear submarine; postponement of the SX semimobile ground-fire missile from 1992 to 1996; postponement of the new generation of M-5 missiles to 1999; a lag with the Mirage-2000 radars being designed by Thomson; and a lag of program authorizations (up 10.9 percent) behind payment credits (up 15 percent).



Where French Soldiers Are Stationed in the World

Key:

- | | |
|---|---|
| 1. Ivory Coast | 5. Multinational Security Force in Beirut |
| 2. Chad | 6. Polynesia |
| 3. Central African Republic | 7. New Caledonia |
| 4. U.N. Interim Force in Lebanon (UNIFIL) | 8. Maritime forces in the Indian Ocean: minimum |

To the threefold pressure of economic, technological and diplomatic change, the Ministry of Defense is making a threefold response today: restructuring of personnel-strength levels, omnidirectional management and international cooperation.

The Army was to national defense what the "industries of the past" are to industry. Outmoded. In a state of overmanning and underequipment. An Army, like an industry, corresponding to the 1960's. But easier, apparently, to modernize. Orders pass better from Rue Saint-Dominique to Mourmelon

or Sissonnes than between Rue de Grenelle and Talbot-Puissy. The same orders, though: trimming of fat first of all, then management and modernization.

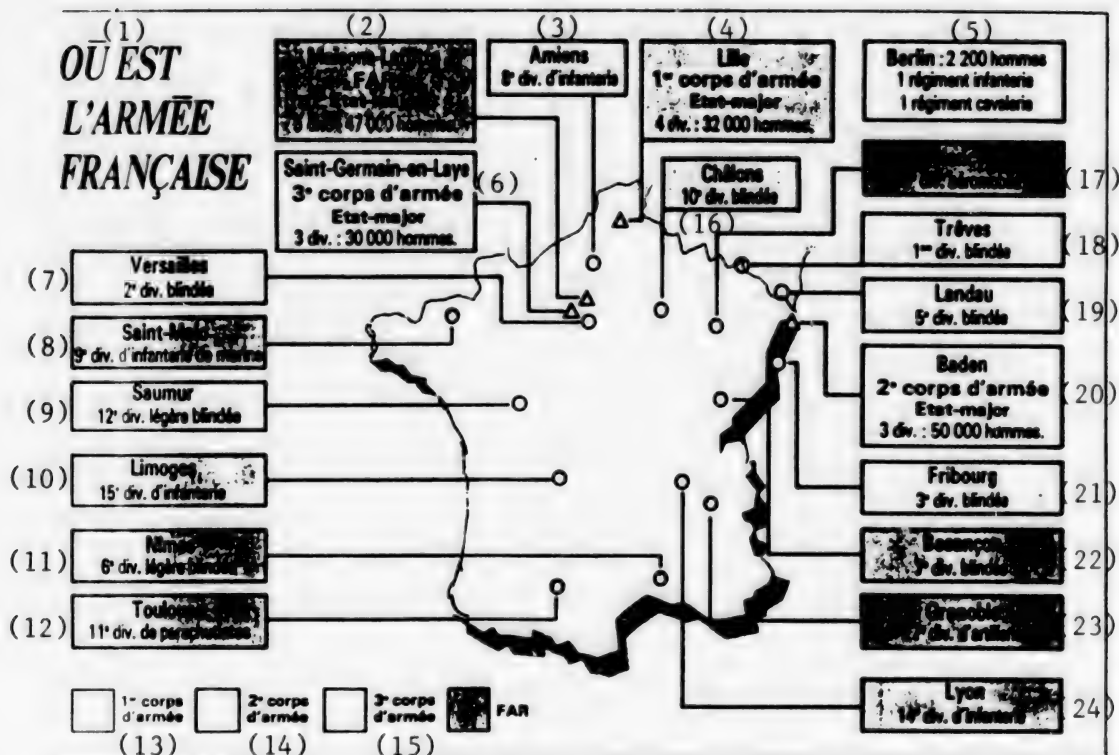
"We don't have any fat," protests General Schmitt, "but we are going into a phase of change very important for the materiel, and it is necessary to follow [as published] as in the FRG, England or Italy, in an economic context that is not easy for anyone."

Khaki--Like the chiefs of business, the chiefs of general staff have chosen to invest in equipment rather than in people. The Army put on line would have 10 times fewer men than in 1939. Between now and 1988, it will have to eliminate 22,000 jobs out of a total of 34,000 for the armed forces as a whole. Khaki is losing ground. The garrisons of Montmedy, Bar-le-Duc, Bidburg, Saint-Lo, Granville, Lons-le-Saunier, Corte and Bonifacio have been closed down or changed over. But in this case even more than in industry, the reduction of personnel strength will be effected by nonreplacement of personnel leaving--in this instance, reduction in hiring.

There will be no laying-off of cadres, the minister has promised. Only those who volunteer will leave. The Army remains a "big family"--but a family that its members leave less and less. In 1974, 6,700 noncommissioned officers left the Army. In 1982, it was 4,500. And the famous Article 5, which gave regular-army cadres incentive to leave by permitting them to exercise their retirement rights after 25 years of service and with retirement at the next higher grade, comes to an end in 1985. Draftees will also account for some of the personnel-strength reduction: 18,500 fewer conscripts between now and 1988, including 6,500 for 1984. In each of France's 10 selection centers, it will henceforth be necessary to be hale and hearty, to hear well and to know how to march in order to pass rating 3, the fateful rating that sounds the call to the colors. Of 441,000 young men who were registered in 1982, 260,000 will do "their service" in 1984. The number should subsequently drop to 230,000 or 240,000. "That is the lower limit," a colleague of Mr Hernu's recognizes; "otherwise, it would be the end of conscription." This Army is not to become a professional one, but rather, as its minister desires, simply "better-dimensioned, better-equipped and better-trained."

The symbol of this new Army is the creation of the FAR. It has resulted partly from thinking done by the opposition before 1981 and published under the title "We the Great," and from analyses by several generals, including General Lucien Poirier, the author of the theory of the "three circles" (the national "sanctuary," West Europe and its maritime approaches, the overseas commitments) and General Charles Fricot-Chagnot, generally considered the father of the FAR.

"The FAR," the minister noted in presenting his programming law, "combines deterrence with possibilities of action. It marks our capacity to commit considerable conventional means, without delay, at the place and time chosen, in Europe or outside Europe." With 47,000 men, 5 star divisions, including 1 superstar--the "air-mobile" division based at Nancy and founded on



Key:

1. Where the French Army Is
2. Maisons-Laffitte: FAR General Staff--5 divisions, 47,000 men
3. Amiens: 8th Infantry Division
4. Lille: 1st Army Corps General Staff--4 divisions, 32,000 men
5. Berlin: 2,200 men--1 infantry regiment, 1 cavalry regiment
6. Saint-Germain-en-Laye: 3rd Army Corps General Staff--3 divisions, 30,000 men
7. Versailles: 2nd Armored Division
8. Saint-Malo: 9th Marine Infantry Division
9. Saumur: 12th Light Armored Division
10. Limoges: 15th Infantry Division
11. Nîmes: 6th Light Armored Division
12. Toulouse: 11th Paratroop Division
13. 1st Army Corps
14. 2nd Army Corps
15. 3rd Army Corps
16. Châlons: 10th Armored Division
17. Nancy: 4th Air-Mobile Division
18. Treves: 1st Armored Division
19. Landau: 5th Armored Division
20. Baden: 2nd Army Corps General Staff--3 divisions, 50,000 men
21. Fribourg: 3rd Armored Division
22. Besancon: 7th Armored Division
23. Grenoble: 27th Artillery Division
24. Lyon: 14th Infantry Division

the tank-helicopter duo, and a general (General Maurice Forray) whose general staff will be installed at Maisons-Laffitte, the FAR has already caused some envy and unrest. "It is psychological action at low cost," notes a Socialist expert; "an instrument that makes a gesture rather than a combat instrument," says a general-staff officer; "what already existed has been given structure."

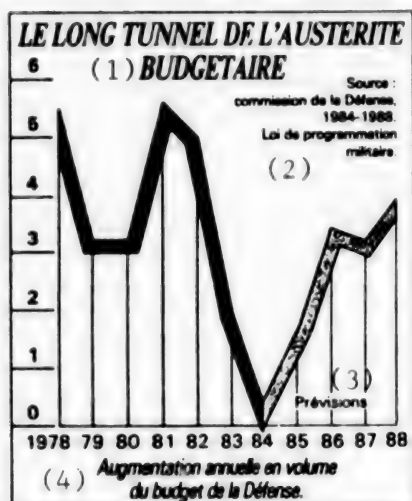
This Army, old or modern, has to be managed better. Enough of the fighter--long live the manager! Management is coming to the barracks, with microcomputers here and there and the categorical imperative to adhere to the regiment's budgets.

Exercise--Sourdun: population 777, an ordinary village in the Brie. The 2nd Hussars--officially the 2nd Chamborant Hussars--which these days is celebrating the 249th anniversary of a regiment raised in 1735, is exercising to beat the band for the management. With his band (27 trumpets) in their brown pants and sky-blue dolmans--held in high regard, it is said, by the military governor of the 1st Region--and with his little Apple computer, purchased through the intermediary of the sports club, Colonel Jean Boy, who commands the regiment, is training himself in the Participatory Contract by Objective (CPO).

Five squadrons, 270 vehicles, 1,060 weapons, 672 hussars, and Fr 420 million--how to get through 1984? "In 1983, the regiment spent 110 days in the field. In 1984, our budget permits 100 days of sortie. But there is nothing to complain about." Furthermore, a hussar does not complain. He adapts. In this instance, the 2nd Hussars, which was the first regiment to get AMX-10-RC's--the armored vehicles with which the Manta force in Chad is equipped--has the task of training for rapid movement on roads. And here, well-managed training can serve a double purpose and be used, to put it bluntly, for transport. For example, the road time for going to get 3,000 yogurts from the Fontainebleau commissary is taken from training time. As 1984 begins, the "activity budget" drops from 1983's Fr 3.3 million to 2.6 million, and the "day-to-day life" budget drops from Fr 5.4 million to 4.6 million. The economies will be related essentially to energy. "I put weatherstripping on the windows," says Colonel Boy; "when the regiment is on maneuvers, I close my swimming pool. So much the worse for the school-children." The Army, in its time, had also sacrificed the swimming-pool mode. The chaplain comes free, and the visiting dentist and the shoemaker are rarer. The untouchable thing is the mess--that is, what goes on the plates, at Fr 20 per person per day.

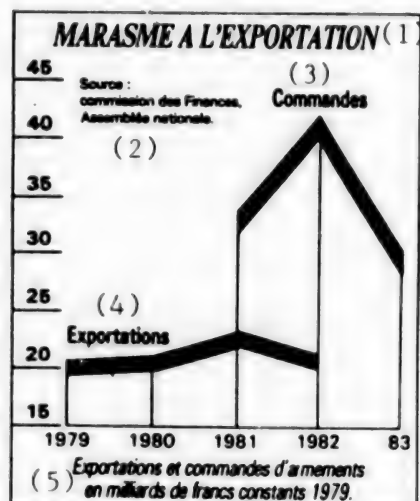
Participatory management and participation no more than management [as published] were not parachuted into the Army on 10 May 1981, but by a decree of 30 July 1975 amending the Army's internal service regulations. These regulations specify strict details about materiel, such as the frequency of laundering of flags and uniforms.

"The door to my office is always open," the colonel assures; "I am seen in the barracks every day." Speaking of "style of command," the colonel willingly details the participatory life. Does military discipline get along well with the committee style? Affirmative. Military status does not impede dialogue. There is the weekly planning meeting, attended by commanding officers and captains, in which the night firing and exercises are decided on. And in addition, the planning publication, the hometown newspapers, the committee day and, every 2 months, meetings of officers with noncommissioned officers.



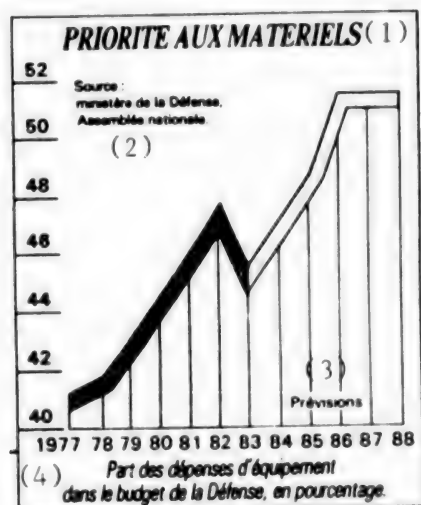
Key:

1. The Long Tunnel of Budgetary Austerity
2. Source: Defense Committee, 1984-1988. Military Programming Law.
3. Forecasts
4. Annual increase of defense budget in volume



Key:

1. Stagnation in Exportation
2. Source: Finance Committee, National Assembly
3. Orders
4. Exports
5. Arms exports and orders, in constant 1979 francs



Key:

1. Priority for Matériel
2. Source: Ministry of Defense, National Assembly
3. Forecasts
4. Share of equipment expenditures in the defense budget, as a percentage

Managing the Army is a matter of structure as well as of everyday concerns. Avoiding duplications and grouping the training. "The existence of separate training programs in a number of basic skills seems to be based only on the desire of each armed force to maintain the specificity of its training for historical reasons," notes Guy-Michel Chauveau, PS deputy from Sarthe, in a report on the military schools. Should each branch of the armed forces--Air Force, Navy, Army--continue to train its cooks, its paratroops, its aviators as well as its divers, etc? Why have waited so long before regrouping the schools of Tulle and Issoire, that of Saint-Raphael with Chambery and Rochefort, where the Air Force Technical School, superbly installed on 210 hectares in the woods, all glass and concrete, is barely at 80 percent of capacity, and which was raked over the coals by the Audit Office in 1981? Is it necessary to continue distinguishing the tasks of the gunners from those of the repairers (materiel)?

In the face of the shrinkage of resources, on the other hand, there was a third response--that of international cooperation.

Colony--European cooperation in the area of armaments, supported by diplomacy, bolstered by the increasingly close relations between the minister of external relations and the minister of defense, is not advancing very fast. "Watch out, all of Europe could become an American technological colony," Paris repeats tirelessly to its allies. An agreement was signed in February 1983 among London, Bonn and Paris for fabrication of third-generation anti-tank missiles, but the long-range transport plane remains in limbo, as do the future tank, the multiple rocket-launcher, the Anglo-French-German tactical combat plane and the Franco-German antitank helicopter. At this point, all these projects are in the stage of negotiations, more or less advanced. As regards the Third World, the trend is squarely toward joint-production and technology-transfer agreements, providing for manufacturing on the spot, to take over from the failing exportation. India, Brazil, Egypt and, tomorrow, Algeria are on this list.

But management and imagination have their limits. Is Mr Hernu's parry really adequate to the upheavals expected? Will the quality of the people be up to what is needed? Will technological progress suffice to neutralize the big battalions on the other side?

"The German mayors and the American officials envy us our regiments," says a Socialist deputy. The French are not indebted. The image of the armed forces is improving. The last poll, taken last Fall by the SOFRES [French Opinion Polling Co] on behalf of the Ministry of Defense, gives reason for euphoria: the armed forces are "effective" (64 percent), "formed of competent cadres" (58 percent) and "well-trained soldiers" (46 percent). Finally, 60 percent of those interviewed have confidence in the armed forces for ensuring the security of the country.

Christmas Visit--The minister, it is true, does not spare himself. He made a Christmas visit to Beirut, and spent St Sylvester's day at N'Djamena. He is making agreements with the minister of education for better training of military personnel, and with the minister of culture for better entertainment

of them. He has created the bronze National Defense medal, a sort of "khaki award" that decorates nearly a quarter of the troops. Mr Hernu has done everything he can to solace armed forces that on the whole lean very little to the left and that had a hard time over the falling of its ministers at the end of the last 7-year presidential term.

What are the "military" types--i.e., the 40,000 officers and 225,000 noncommissioned officers of the three armed forces--longing for today? "They are always eager," a young captain from the southwest assures. After the Beirut attack, cadres and noncommissioned officers say they are all ready to go off to Lebanon.

"We need an elite corps with a sense of command," notes the PS general delegate for defense and member of the council for improvement of the Special Military School of Saint-Cyr. Can electronic warfare be won by colonels who were not under fire in the Algerian war, who grew up under the American umbrella and who are aging in their jobs because, with the crisis, the way to the top is obstructed?

An armed force in peacetime does not necessarily reach a state of stability: recruitment has suffered from the disappearance of the Ecole Polytechnique officers and a gradual drop in Saint-Cyr officers (in the science option, the volume of admissions has for several years been lower than the number of places offered through the competitive examination). What to do? Improve the level, first of all. This is under way with the reform of Saint-Cyr studies, which are lengthened from 2 to 3 years: the "pump" (general education) will no longer be sacrificed to the "mili" (military education). The director of studies at Coetquidan is a professor of law at Rennes, and the diploma will give access to the third cycle in the university. "The schools have been reformed, but the preparatory levels have been forgotten," Mr Soppelsa remarks. Among the Prytanee Militaire de la Fleche and the other six secondary-level military schools, 44.6 percent of the students in the preparatory classes in 1982 were sons of officers or noncommissioned officers. And in 1981, the military preparatory schools furnished 81 percent of Saint-Cyr's entrants for the arts and letters competition and 94 percent for the science competition. Thus a military microcosm is constituted that lives on the fringe of the civilian world, with its own schools, doctors, hospitals, sources of supply, chaplains and rites.

"When a contingent arrives, I personally welcome it myself in the movie hall," says the colonel of the 2nd Hussars. But what does the draftee think about this? It is not enough to assure him a "loan" (which is not a loan anyway) of Fr 400 per month and 12 free trips home in order to motivate him. Even if fewer than 1 out of 10 poses a problem. After the disappointed hope of 6-month national service, the draftee hears the prime minister, who on 23 September 1983 committed himself to "maintaining this social acceptance (of conscription) at the price of a continuous effort of imagination and adaptation.

Another threat--an insidious one--is inflation. That of the civilians, which nibbles away at the budgets, and that of the military, which swells

the costs of the materiel. According to certain American studies, the cost of weapons increases, on the average, 10 times over every 5 years.

The French armed forces have so far defended themselves well against this universal phenomenon. Between 1977 and 1982, the price index for aeronautical materiel and land armaments, as calculated by the ministry, increased by about 7 percent annually, on the average, as against 10 percent for industrial prices as a whole. Underlying this success is a constant struggle in favor of productivity and management: each program, from conception to fabrication, is put into a contract reviewed by the minister, who figures the performance characteristics, the completion date, the costs and the time-schedules. The variety of types of airplanes in service is being reduced constantly. In 1990, the same combat plane will serve equally well for air defense and for ground support.

Combatants--To keep breakdowns and immobilizations to a minimum, the combatants have been made repair mechanics: a tank-crew member is capable of diagnosing a breakdown in his firing system and of changing the failed part by means of a miracle kit worthy of IBM after-sale service.

The military industry, for its part, has developed its productivity strongly: pilot experiments in the area of organization of work are numerous. The first flexible shops have appeared in Aerospatiale and at the Bourges naval yard. Similar progress for computer-assisted design.

In particular, the powerful General Directorate for Armament, which pilots the entire sector, has clamped down tightly on prices. In the contracts, the formula for lowering of prices in function of the length of a production run has been hardened: "The first Mirage 2000 coming out of Dassault costs twice as much to produce as the last one," a technician explains, "and it is normal for this to be reflected on the invoice." By coincidence or difference, the armaments companies in the United States, where the Pentagon has not got military inflation under control, are in better financial shape than their French counterparts. In the future, it may be necessary to negotiate toward looser price policy if excessive deficits are to be avoided.

Quality--The West, in the strength of its technological progress, hopes to compensate for the quantitative superiority of the East by the quality of its forces. This represents a serious underestimation of the saturation effect. "Imagine an elite rifleman equipped with a very-high-performance rifle with scope," explains someone close to the Armed Forces General Staff, "whose mission is to interdict passage through a gate 200 meters away. If there is one enemy attempt per minute, he will succeed. If there are 100, he will still have his marvelous rifle, but no more bullets in the clip. And the gate will be breached."

The same rule holds true for materiel: the Air Force has fewer combat planes than 30 years ago, the Cavalry has fewer tanks, and the Navy has fewer ships. Those of today are far more powerful and more expensive, to be sure. But there is a lower limit that is constantly grazed in the three big European armed forces. "If this trend continues," a British lord noted recently,

"the Royal Navy will have a super warship at the end of the century, but it will be so expensive that it will be the only one." The future of our defense obviously depends on revival of growth: if that does not happen, it will be necessary, as of 1986, to choose between more taxes or less defense. The national consensus on the armed forces would then run the risk of shattering, and the eternal quarrel about guns or butter could flare up hotter than ever.

On the strategic level, the tendency--though one that is very much in the minority--to rely more on America for our defense would be greatly strengthened, with the mortal risk that our people would become disinterested in their defense.

11267

CSO: 3519/194

DEFENSE MINISTRY ASKS FUNDS TO SAVE DRAGEN UNITS

Stockholm DAGENS NYHETER in Swedish 10 Feb 84 p 5

[Article by Sven Svensson]

[Text] The armed forces will get an extra 1.5 billion kronor to make up for the high exchange rate of the dollar. That appears from the draft of the bill which the Defense Ministry sent to the military staffs Thursday for their comments.

The proposal means that one or two of the Draken divisions threatened with extinction can be retained. A new "death patrol" will probably be named to eliminate at least two regiments.

The government has not yet taken a definite stand on the bill. That is mainly because the problem of financing the higher defense appropriation remains unsolved.

Finance Minister Kjell-Olof Feldt is pondering over whether the opposition might accept higher taxes on anything but gasoline or whether the funds can be found through savings alone.

Next Week

The government discussed the defense issue at a meeting on Thursday. Defense Minister Anders Thunborg has not yet abandoned hope of reaching a compromise with the nonsocialist opposition.

The compromise possibilities would lie in being able to find other funding sources and the promise to retain one or two Draken divisions. Nonsocialist party leaders regard the Draken divisions as an important symbolic defense policy issue.

The government will make a final decision next week after Prime Minister Olof Palme returns from South America and financing has been arranged. The views of OB [Supreme Commander of the Armed Forces] and the military staffs on the bill should be ready by then too. The bill should be ready in final

form by the end of February and it will then be sent to Riksdag for action at the beginning of March.

Counter Claim

The format means there will be a discussion on the armed forces in Riksdag with new efforts to reach agreement. The three nonsocialist parties say in a joint counter statement that the armed forces needs 2.5 instead of 1.5 billion kronor to compensate for the dollar.

According to the draft of the bill, dollar compensation for the armed forces will be spread over the next three fiscal years and will add up to 1.5 billion.

This involves financing problems for the current fiscal year. The liquidity situation of the air force is very strained. But later this spring the Finance Ministry will make a new distribution of price-regulation funds and then the air force can hope for 200-300 million kronor to help the problem of liquidity.

A supplement of 1.5 billion for defense would not save all three of the Draken divisions threatened with extinction in the military plans.

The government will allow the military staffs to make new plans to decide what to do with the two remaining Draken divisions.

In this way the government has made room for new negotiations with the non-socialist parties on retaining one or two Draken divisions for a number of years.

Unavoidable

Eliminating one wing administration as soon as possible is unavoidable. The F-6 wing in Karlsborg is the one in danger.

Without major changes it will be possible to keep two Draken divisions at F-10 in Ängelholm flying until 1991, when this wing will also be phased out.

Keeping all three Draken divisions flying until the middle of the 1990's would require investments of 350 million kronor. By flying only two divisions until the beginning of the 1990's, the costs will be limited to between 100 and 150 million kronor.

The restriction means less employment either at Saab-Scania or at FFV [Swedish National Defense Manufacturing], the ones that usually carry out modernization work. A complete modernization of all three Draken divisions would probably provide jobs for 200-300 people over a 3-year period.

But in a tight situation the government is placing priority first and foremost on new weapons for the Viggen--the Robot 37 or Sidewinder--and on

completion of the JAS [combined fighter-bomber-reconnaissance plane] project. The Draken divisions are third in line and will have to take what is left over.

Within the army's peacetime organization, 2000 training positions must be eliminated. That corresponds to two regiments, according to the draft of the government bill.

New Death Patrol

The government will probably appoint a "death patrol" to select the two regiments to phase out. This process is of great regional policy significance.

Those in danger are the I-3 in Orebro and the I-13 in Falun, according to previous reports. In the past this kind of thing has been done with parliamentary cooperation and the government will stick to that.

There will be further cuts in the 1990's when the number of eligible young men will be reduced even further.

For the navy there will be reductions on the west coast, according to proposals that have been presented. The bill also mentions reinforcement of submarine defense. Two coastal corvettes have already been ordered, but the government has rejected a proposal to step up the deployment of another two coastal corvettes.

6578

CS0: 3650/115

BRIEFS

BASIC TRAINING PERIOD REDUCED--The basic training period for conscripts who refuse to bear arms will be reduced from 320 days to an average of 300 days. The training period will vary depending on how skilled the jobs are. This decision was made by the government on Thursday. The shortening of basic training is being done to save money for the state. Thousands of conscientious objectors are waiting to complete their service obligations and the line continues to grow. Instead of increasing the number of projects, the government has chosen to cut the period of service. It is likely that the training period will not be abbreviated for some conscientious objectors with relatively skilled jobs within such areas as firefighting. But the training period could be less than 300 days for other conscientious objectors working in such areas as child care. [Text] [Stockholm DAGENS NYHETER in Swedish 10 Feb 84 p 5] 6578

CSO: 3650/115

ECONOMY MINISTER SEES CONTINUED STRONG GROWTH IN 1984

Copenhagen BERLINGSKE TIDENDE in Danish 24 Jan 84 Sec III p 7

[Article by Dan Axel]

[Text] There is a new optimistic report on the state of the economy from Economic Affairs Minister Anders Andersen's economic secretariat.

Real growth of 6 percent in consumption, an increase in new housing starts of around 50 percent, a real increase of around 20 percent in materiel investments and an interim quantity increase of a good 10 percent in parts of the import sector.

Those are the activity increases on which Economic Affairs Minister Anders Andersen bases a new report on the state of the economy for 1984. And it is the sharp upturn in the second half of 1983 that makes it hard to evaluate developments in 1984, because it is feared that to some extent this could be a one-time adjustment to the changed economic conditions.

The market outlook report for 1984 from the economic secretariat stresses that the extraordinarily large increases in private consumption and housing demand in 1983 cannot be expected at similar levels in 1984.

"But it must be assumed that a greater desire to invest in the 'more market-sensitive' urban businesses will first make itself felt in 1984, although it should be added that back in the October outlook, assumptions were included--and they were optimistic at the time--that there would be a certain upturn in some parts of the business investment sector," the economic affairs minister's report stated.

But also the fact that major emphasis is placed on the more "traditional" factors that determine economic growth gives the 1984 estimate an extra element of uncertainty, the economic secretariat said.

In a new estimate of total Danish production, the economic secretariat differs with its own October prognosis and with the November Finance Report. The economic secretariat now estimates that production in 1984 will rise by

2 1/2 to 3 percent compared to a prediction of 1 1/2 in October and just under 2 percent in November.

Where unemployment is concerned, this means that they now expect only a modest growth in joblessness from 285,000 in 1983 to 290,000 in 1984. The October and November figures showed increases of 30,000 and 20,000 respectively.

A rise in the deficit in the balance of payments is an almost automatic accompaniment to increased investments. The economic secretariat estimates that the deficit in 1984 will be 12 billion kroner compared to 10 1/2 in 1983. The increase of 1 1/2 billion should also be seen against the background of an anticipated improvement of around 2 1/2 billion kroner.

However it looks as if the total deficit for the public sector will fall a little more than previously estimated--namely to 37-38 billion kroner, compared to the estimate of 41 billion in the October report.

Private Consumption

The economic secretariat still says it is mainly the increase in private consumption--a good 2 percent in contrast to the estimated 1 percent--that is responsible for the upward revision of the real growth estimates for both total demand and production and imports in 1983.

A sharp increase in the last half of 1983 in particular--especially in the third quarter--is thought to be due to the fact that Danish households have made substantial reductions in their savings quotas. The secretariat blames this on the easy access to consumer credit, lower interest rates on consumer loans and possibly also the lower inflation rate, which means that less saving is needed to maintain the real value of financial assets.

6578

CSO: 3613/90

INDUSTRIAL INVESTMENT POSTS NEAR RECORD GROWTH

Copenhagen BERLINGSKE TIDENDE in Danish 24 Jan 84 Sec III p 1

[Article by Frank Dahlgaard]

[Text] The growth in industrial investments is now at its highest level in 17 years. The motor in the economic upturn is business investments.

At present Danish industry is experiencing its biggest investment boom in the last 17 years. Since market barometer investment figures were first gathered in 1967, the rate of increase in industrial investments has simply never been as big as it is today.

This information was provided by office manager Verner Puggaard of the Industrial Council after Danish Statistics published a very positive "market barometer" yesterday.

The barometer shows an unexpectedly strong upswing in orders received, production, employment and investments in the fourth quarter of 1983 and the gains are expected to continue at undiminished strength in the months ahead.

The figures from Danish Statistics show that the investment products sector is leading the upturn in production, orders received and employment. The second largest factor is the construction materials industry, while the lowest growth was noted in the consumer products industry.

Up to now, all the economists believed that private consumption and construction would be the driving forces in an initial upturn, but it is now clear that it is business investments that are acting as the "economic locomotive."

Verner Puggaard said that the Industrial Council's 1984 forecast, which is definitely the most optimistic market forecast, seems to be well on its way to fulfillment--and may even be surpassed:

"At the beginning of 1983 there was zero growth in industrial production, but by the end of the year growth had reached 10 percent on an annual basis. At the same time industrial employment is now clearly making progress. In the fourth quarter of 1983 employment grew by close to 3,000 on a seasonally

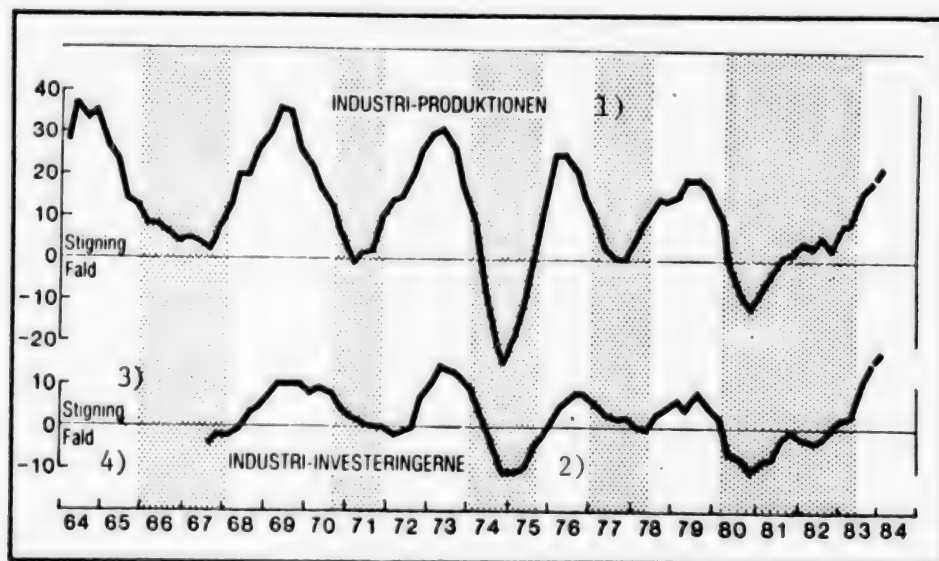
adjusted basis and the prospects for the first quarter of 1984 point in the direction of a further employment growth of 3,000."

The latest market barometer from Danish Statistics, based on reports from 600 large industrial firms, shows that at the beginning of the year there was a clear majority of firms that felt their order backlogs were larger than normal. The swollen order books are due not only to a large number of orders from the Danish domestic market but from the export markets as well.

The most positive aspect of the new figures from Danish Statistics is considered to be the growth in investments and employment. Office manager Verner Puggaard stressed that business investments in this market upturn have reacted unusually quickly:

"The new figures show that industry has actually responded well to the improved conditions in the wake of the change in economic policy in the fall of 1982 by increasing production, employment and investments," he said.

He thus dismissed one of the union movement's myths--namely the myth that interest declines, modest wage increases and improved business profits do not benefit society and the workers.



The industrial economy over the last 20 years, illustrated with net figures from the Danish Statistics quarterly market barometer for industry. Source: the business economy division of the Industrial Council.

Key:

- | | |
|---------------------------|------------|
| 1. Industrial production | 3. Growth |
| 2. Industrial investments | 4. Decline |

6578

CS0: 3613/90

SOVIETS WANT TO EXPORT MORE RAW MATERIALS TO BALANCE TRADE

Helsinki HELSINGIN SANOMAT in Finnish 31 Jan 84 p 30

[Article: "USSR Offering New Raw Materials"]

[Text] The Soviet foreign trade association V/O Soyuzpromeksport [All-Union Association of the Ministry of Foreign Trade, USSR] is offering Finnish industry new raw materials from the USSR.

In an interview transmitted by the news agency APN ["Novosti" Press Agency] General Director Y. F. Manahov of Soyuzpromeksport mentions sodium sulfate, bitter salt, bentonite, zeolite, and fertilizer compounds containing nitrogen as well as phosphorus as such export items.

In addition to the importing of raw mineral substances from the Soviet Union, Manahov emphasizes the importance of compensation projects in particular as a new area of opportunities.

"Western firms which are interested in increasing imports of mineral raw materials from the Soviet Union would participate in the construction of production plants on Soviet territory on a compensation basis. At this time Soyuzpromeksport is participating in 39 such agreements," stated Manahov.

For example, the agreement concluded with Rautaruukki on cooperation in the Kostamus construction project can be included among such agreements.

10576

CSO: 3617/83

SHIPYARDS LOOK TO OIL RIG SALES AS SOVIET SHIP BUYING LAGS

Helsinki HELSINGIN SANOMAT in Finnish 31 Jan 84 p 25

[Article by Jussi Jalkanen and Hannu Leinonen: "Shipyard Renovation Being Postponed"]

[Text] Finnish shipyards are currently suffering from a shortage of new orders and the absence of a unified vision of development in this area. It is expected that orders for ships from the Soviet Union will ease this unfortunate recession in the shipbuilding industry in the next few weeks enough to ensure continued operations.

Structural problems in the shipyard industry will once again be pushed aside, but differences in viewpoint between the leading companies will remain to smolder in the background. Wartsila, the number one shipbuilding firm, would like to see rational solutions to the overcapacity prevailing at the shipyards while Valmet and Rauma-Repola, on the other hand, believe that a division of labor will create room for everyone.

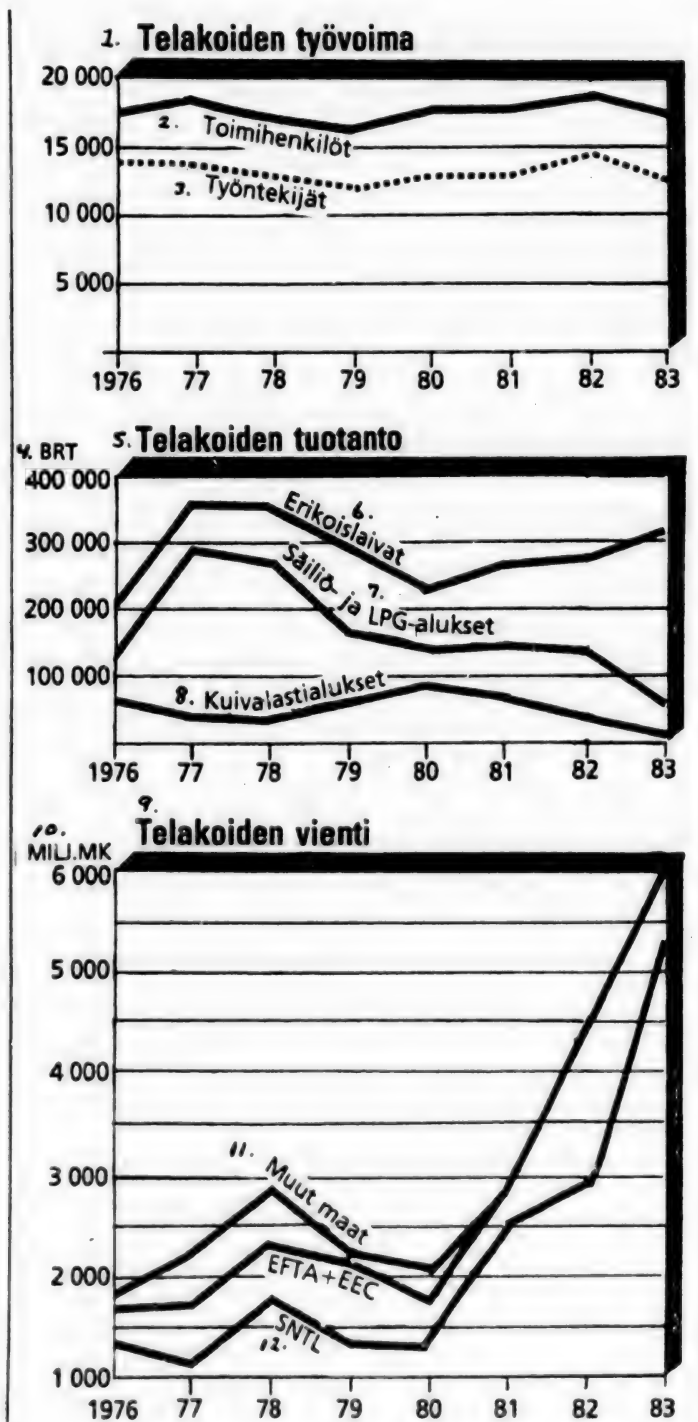
Tankmar Horn, the man at the helm of Wartsila, which is in the strongest position, states that there is an overcapacity at the shipyards.

Horn does not believe that the industry will be able to accomplish significant structural solutions in the near future since Soviet ship orders coming due in the next few weeks will once again help the manufacturers out of a dilemma.

"Solutions are difficult and they will once again be postponed as the new Soviet five-year plan begins. Apparently, a rational system will not be implemented until we are faced with such a necessity," states Horn.

Finland has the world's largest shipyard industry as far as domestic demand is concerned. The almost complete stagnation of Western trade and the fluctuations in exports to the East have now in the first part of the 1980's revealed the truth more clearly than before.

Last year was, indeed, a zero year for salesmen at Finnish shipyards. The number of orders at the end of the year represented only a year's worth of production.



Key:

- | | |
|-----------------------------|----------------------------|
| 1. Labor force at shipyards | 7. Container and LPG ships |
| 2. Office personnel | 8. Dry cargo ships |
| 3. Workers | 9. Exports from shipyards |
| 4. Gross tonnage | 10. Millions of markkaa |
| 5. Production at shipyards | 11. Other countries |
| 6. Specialized ships | 12. USSR |

Previous orders have kept employment at a reasonable level, the work force was reduced by 1,000 to 17,000 employees. Except for Wartsila's controversial car ferries, no new orders have been received. Rauma-Repola's two 5,000 dwt roro-ships do not represent very much compared to the ferries with a total weight of 106,000 dwt.

The debate on shipyard capacity has been going on for years. It is apparently a question of an ongoing problem since all the equipment at our main shipyards is so new that it will not be put in mothballs. The only realistic solution to the use of this capacity remaining is a mutual division of labor among the shipyards, which seems remote in these days of competition with respect to icebreakers.

Off Shore Oil Rigs Are The Answer

Finland's shipyards have come out of the international crisis quite well as the result of trade with the East and specialization. The fascination with specialized ships is beginning to wear thin except at Wartsila. Now it appears that our shipbuilding industry is enthusiastically headed toward common uncharted waters; off shore is becoming the new magic word.

Valmet, which made a mistake with tankers, among other things, in past years, now already swears by the name off shore with respect to its Helsinki Shipyard, in particular. Future activity is being built on the basis of these vast, but still undetermined billions of markkaa.

A new promoter, Kari Airaksinen, promises that the new development program for Valmet's shipyard group will be completed this year. There is a long road ahead. Know-how must be purchased from foreign competitors, billion-markka markets must be developed into sales, and even if success is achieved, the new strategy will not generate any work for Valmet's shipyards until around the 1990's.

Today company officials do not even want to estimate the cost of the development program at Valmet's shipyards. An effort is being made to underestimate expenditures, and Airaksinen is emphasizing that the changeover from present specialized Arctic ships will be gradual.

Valmet's off shore enthusiasm is, to a great degree, of the same origin as that of Rauma-Repola. The company's own large machine shop industry is crying for orders. The abandonment of traditional shipbuilding is relatively painless for this kind of a corporation.

Sheet Metal Work Diminishing

At the beginning of this decade Finland's shipyards employed more than 18,000 workers during good years. Maintaining a stable work load for this group will apparently be quite difficult in the future since the nature of shipbuilding will change; sheet metal work will diminish and high technology will take its place.

Valmet's Airaksinen points out that the situation in shipbuilding has changed. "The demand for the types of ships made here has moved to Asia. We will never be able to bring them back again and the Finns must adjust their course and map out areas in which there will be opportunities to act."

Airaksinen does not see a real future in the building of so-called conventional ships. "There are very few opportunities. Indeed, it will all depend on how the problem is approached; even ships can have their place as part of a diversified transport chain."

The fluctuating employment picture at the shipyards is not seen as a question of capacity at Rauma-Repola. According to Jaakko Lassila's pentathlon league in the KOP [Kansallis-Osake Bank] and Antti Potila, who has been installed as an executive of Rauma-Repola, Finnish shipyards are not suffering from an overcapacity, but from a lack of general competitive ability. The problems could be solved by finding the right types of ships.

According to Potila, a shipbuilding industry based on Soviet trade would travel an uneven course with respect to an order portfolio whatever the capacity of Finland's shipyards may be. "The Soviet Union's five-year plans by their very nature contribute to the fact that the shipyards would in any case experience an empty period toward the end of each plan."

The shipyards have developed their capacity to such a degree that they are able to push Soviet orders through ahead of schedule and the latter part of the five-year plan becomes an ever greater void.

Potila points out that it is not at all a question of a struggle for a share of the market in the competition among Finnish shipyards since the shipyards are by their nature completely different. It is a long way from Perno to Savonlinna. "Those who interpret the competition among Finnish shipyards to be an internal issue are putting the emphasis in the wrong place since we are so small in the world. The success of one does not mean the demise of another."

A Coup in Eurajoki

However, another's defeat can mean the birth of a new shipyard in an otherwise overpopulated field, as the new shipyard build by Lehtinen in Eurajoki demonstrates. More than 10 small ships are being built in Eurajoki for the Soviet Union even though the order was originally supposed to go to Rauma-Repola's Savonlinna Shipyard.

It has even been wagered that Rauma-Repola will be the first Finnish firm to eliminate its shipyards. Managing Director Potila is not, however, interested in this matter. "Elimination of the shipyards would not improve the situation at all. Moreover, the capital tied up in shipyards is not nearly as great as the money tied up in the processing industry. The majority of the capital is invested in the object to be produced and not in the shipyard."

Hollming, which operates in Rauma as Rauma-Repola's neighbor, believes that shipbuilding will continue at the docks in the previous manner as soon as trade with the East opens up.

Hollming's Managing Director Aarno Mannonen emphasizes that the shipyard is now on the plus side. "Economically, we are doing reasonably well." There is no basis for the talk about a Hollming merger with other corporations according to Mannonen, particularly after the Salora transaction was concluded.

Recently, Hollming has looked around for the right product. The manufacture of shipyard control systems purchased from Wartsila is among the company's recent most significant changes. Because of this, Hollming's subcontract with Wartsila can be more effectively directed along the right path.

Closer cooperation will not make Wartsila's Horn say that his company will one day purchase Hollming. "I would not comment on such an isolated event, but as I have said, there is too much capacity..."

Icebreaker Competition and Management Level Changes

The competitive bids for the Maritime Administration's icebreaker and the changes at the top occurring among the large shipyard firms have left their imprint in recent months on an even otherwise troubled shipbuilding industry.

The fast talkers have been busy especially in Valmet's offices at the Vuosaari Shipyard. Rauno Ilves, director of the shipyard group and former partner of Olavi J. Mattila on the board, left to become director of Rauma-Repola's shipyard group. In spite of Repola's internal resistance, Jouko Sere, who has become primary chairman of the board to make way for the new Managing Director Antti Potila, drafted Ilves, known for his trade trips to the East, into the leadership of the shipyard group under Tauno Matomaki's shipyard and marine engineering industry.

Placing the shipyards under Matomaki in Rauma-Repola together with the machine shops and marine engineering has also been seen as a preparation for a natural way out if the situation should become so difficult that it would become necessary to abandon shipbuilding.

Now that the Soviet trade team of Mattila-Ilves has vanished from the scene, Kari Airaksinen, who was procured from the planning section of Wartsila's shipyards, has begun to direct Valmet's shipyards. Airaksinen's trump cards are in shipbuilding and thus Valmet has strengthened its sales. So far Airaksinen has brought along a couple colleagues from Wartsila.

Valmet does not believe that sales to Moscow will suffer as a result of the departure of these men; good results are now expected in place of good relations. It is believed that the management of the shipyards will become integrated with Valmet's other activities more smoothly than before under the guidance of Deputy Managing Director Ahti Karasto. It is hoped that the especially violent seasonal fluctuations of past years will become less drastic.

This, perhaps, is one reason for Ilves' departure -- in spite of its requests, the main office did not receive the hoped for vigor in the Klavenes tanker affair, for example.

Valmet Wants Chance to Prove Itself

Thus in their shortage of work Rauma-Repola and Valmet have made Wartsila's icebreaker monopoly questionable. A full 200-million markka order is expected for various reasons.

Airaksinen of Valmet, which is government owned, states the following:

"We do not intend to take over the icebreaker markets, but this work would be an exceptional reference for us. Moreover, the Karhu-class icebreaker is not the state of the art in this field. We will come out of this reasonably well. Our Arctic cargo ships could even be used as a point of comparison."

Potila Examining State Support

The question is not technical in the opinion of Rauma-Repola's Potila also:

"All the candidates are capable of building an icebreaker. The Maritime Administration must be impartial. It should not give its order to a company which already has sufficient work. We should also consider where state support has gone so far. All bids must be taken seriously.

"Indeed, one icebreaker will not go very far. We are also interested in the government's smaller projects. The Savonlinna Shipyard needs contracts."

Wartsila Trusting in Its Exceptional Position

Wartsila's Tankmar Horn, for his part, states that the transfer of two or three men into the ranks of the competition will not destroy the superiority gained over the decades in icebreaker technology:

"The desire to enter this field can certainly be found in others, but we are in an exceptional position. We have been responsible for product development, we have built 60 percent of the world's icebreakers, and we conduct continuous follow-up work, which gives us additional experience from already completed projects. Now it remains to be seen which viewpoints will determine the government's order."

The final price of the icebreaker also remains to be seen. The challengers are grinning and saying that the price difference between previous and present orders will be seen in due course in how much the final sum remains below the millions reserved for the Maritime Administration's order...

BUDGET PRIORITIES SUGGEST CONSERVATIVES' 1985 ELECTION PLANKS

Inflation, Wage Level Targeted

Oslo AFTENPOSTEN in Norwegian 30 Jan 84 p 3

/Article by Terje Svabo/

/Text/ In order to prevent a further deterioration in Norway's ability to compete, wage increases must be limited to 4.5 percent in 1984 and 1985. This is according to the background material to be discussed during a government budget conference at Randsvangen today. This material also points out that it is absolutely necessary to reduce the large monetary transfers exceeding the national budget. Groups whose income is determined accordingly cannot automatically expect increases in keeping with price hikes.

The background material for the government budget conference clearly shows that it is necessary to limit rising costs in order to get the Norwegian economy back on an even keel again. There are bright spots, however, due to a positive trend in economic developments, not least in the United States. A positive development there will also benefit Norway and other West-European countries.

... the memorandum stated that the outlook for the future should be better than it has been for a long time and that production and employment will pick up again in Norway. As Minister of Finance and Customs Rolf Presthus maintained earlier, Norway has a historic opportunity to become cost-competitive with our trading partners without a price and wage freeze. Yet, it is being stressed that wage costs in Norway continue to increase by about three percentage points more than the average among competitive countries.

The high cost level in all areas of industry is the main problem in our economy compared to that of competitive countries. It is pointed out that high costs will have the following effects on Norway's economy:

To a greater extent, the demand for goods and services will be directed toward our competitors.

Industrial income will decline.

More and more investments will be aimed at reducing costs rather than increasing capacity.

According to the background material, the total cost of buying goods and services and funding transfers is growing too much. It is said that this development cannot continue, and that the growth in transfers, in particular, must be curbed. In order to do that, we must agree on a critical and systematic evaluation of all the laws, regulations, formal and informal indexes that drive up costs.

This means that all the groups whose funding now exceeds the national budget cannot automatically assume that their income will keep up with prices. These groups include government employees and farmers, among others.

During the budget conference, the government will discuss economic policy goals until fall 1985. It will place special emphasis on achieving the following goals:

There must be a satisfactory trend with respect to employment. That calls for a reduction in costs and a greater ability to compete.

Continued lower inflation. The aim is to bring inflation down to that of the average level among our trading partners in 1985.

Lower inflation would provide the basis for lower nominal interest rates. In any event, budget and credit policies that lead to higher interest rates should be avoided.

By fall 1985, the government must be able to point to increased production, growth and readjustment.

Willoch Defends Budget to Press

Oslo AFTENPOSTEN in Norwegian 31 Jan 84 p 3

/Article by Terje Svabo/

/Text/ "We are not going to abandon our responsibility to win popularity short-term. The 1985 national budget will be a budget primarily aimed at solving Norway's economic problems by curbing inflations, strengthening our ability to compete and solving the difficult employment situation." This is what Prime Minister Kare Willoch said when he met with the press yesterday during the government budget conference at Randsvangen.

The government is holding a 3-day conference to establish the basis for the 1985 national budget, which will be announced in October. At Randsvangen the government will concentrate on the broad budget outlines and this work will be followed by a series of conferences throughout the year.

Together with the prime minister, Minister of Finance and Customs Rolf Presthus, Minister of Transport and Communications Johan J Jakobsen and Minister of Church and Education Kjell Magne Bondevik also oriented the press. None of them were willing to state specific goals or figures with respect to price and wage increases in 1985 or the extent of any tax relief. They maintained that it was too early a stage to give out any specific information.

Presthus made it clear that no new unemployment prognoses had been submitted at the conference, but that the government was in agreement that today's figures are too high and that it will give priority to the task of reducing the figures. Bondevik pointed out that the economic situation is so tight that it will be a major task for years to come just to straighten out the Norwegian economy.

Jakobsen stressed that the government's main goal will be to prove that it can solve the nation's economic problems by means of practical policies. He stated that through its work the government will gain new voter confidence in 1985.

The minister of finance and customs said that in the years to come Norway will need to establish a basis for new growth in the mainland economy since at this time we are already using up all the oil revenues.

Prime Minister Willoch said that the material obtained prior to the conference substantiated that Norway is losing jobs due to our competitive weakness and high costs. With that in mind, the prime minister said he was concerned that some have now expressed opinions suggesting that they will not cooperate with respect to limiting further cost increases.

Presthus did not want to put a figure on the government's goal concerning prices in 1985, but said they should be in line with developments among our trading partners. He added that they should be lower since Norway has a great deal of catching up to do compared to our trading partners.

Yesterday's press orientation revealed that the old differences of opinion regarding tax relief are still there. None of the members were willing to put figures on the hoped-for tax relief, but it is obvious that the government will shortly be involved in tough internal discussions concerning the issue.

While the Conservative Party favors personal tax relief, Bondevik and Jakobsen yesterday repeated their parties' preference for industrial and family tax relief.

Record Unemployment Becoming Issue

Oslo AFTENPOSTEN in Norwegian 1 Feb 84 p 30

/Text/ Unemployment rose by 7,800 in January, reaching a new high since the war. There were 79,700 jobless at the end of January, which represents 4.7 percent of the nation's total work force of just under 1.7 million.

"Starting today we will begin to implement new measures to reduce unemployment. Unemployment has risen by 3,000 to 4,000 more than we had expected and there is more industrial unemployment than we had reason to believe," Arne Rettedal, minister of labor and municipal affairs, told AFTENPOSTEN.

Referring to the increase, Rettedal pointed to the large number of layoffs at Christmas time. Authorities had expected that many of them would be back to work in January, which obviously did not happen. He also pointed out that the measures already in place are working more slowly than had been expected and that the cold winter weather usually results in higher unemployment.

Beginning today, the department will step up its efforts to reduce unemployment with a municipal jobs package as well as individual job incentives in the public sector. Job training will also be stepped up, but Rettedal pointed out that this will not have an immediate effect on unemployment.

Undersecretary Kjell Stahl said that the government will continue its decentralized use of supplementary funds but that it had gained positive experiences with a particular kind of administration in seven municipalities in Sogn and Fjordane which led to a 50-percent drop in unemployment.

Unemployment is particularly high in the housing and construction industry where the jobless figure is 15,000, which means that about 15 percent of the industry's work force is unemployed.

"High and long-term unemployment in the housing and construction sector could be serious. If unemployment in this sector continues for a long period of time, it could have ripple effects in industries that provide goods and services to this sector," labor director Reidar Danielsen told AFTENPOSTEN. With respect to the outlook for the labor market generally in February, he said that we can now only hope for no further rise in unemployment.

"The rise in unemployment is very serious and it is regrettable that nothing is being done to alleviate the situation," Norwegian Federation of Labor (LO) chairman Thor Halvorsen told AFTENPOSTEN. "Jobless figures confirm that LO is fully justified in its criticism of the government's employment policy," he said. He added that LO was not surprised by the high January unemployment.

"We received reports from our district offices which showed there would be a big increase in January. Our reports clearly showed a rise in unemployment in housing and construction, and I fear a further rise within this sector in the next few months," he said.

Halvorsen said that LC will meet with the government this week and that the federation will submit concrete proposals on ways to reduce unemployment within the public as well as the private sector.

Two thirds of the jobless in January, 53,290, were men. Among the unemployed, 9,900 were young people under age 20, an increase of 900 compared to the previous month. Unemployment rose in all counties except Sogn and Fjordane. Finnmark had the highest jobless rate, 7.5 percent of the work force, and Akershus the lowest, 1.6 percent of the work force.

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CSO: 3639/68

NORTH SEA OIL PRODUCTION NOW COVERS FIFTH OF CONSUMPTION

Copenhagen BERLINGSKE TIDENDE in Danish 3 Feb 84 pp 1, 23

[Article by Peter Kjelstrup]

[Text] Danish oil production from the North Sea has risen to 2.15 million tons in 1 year. That has given an extra plus to the balance of payments of 1 billion kroner.

Danish production of oil from the North Sea now covers 20 percent of Danish consumption. This appears from a calculation the Energy Board made for BERLINGSKE TIDENDE.

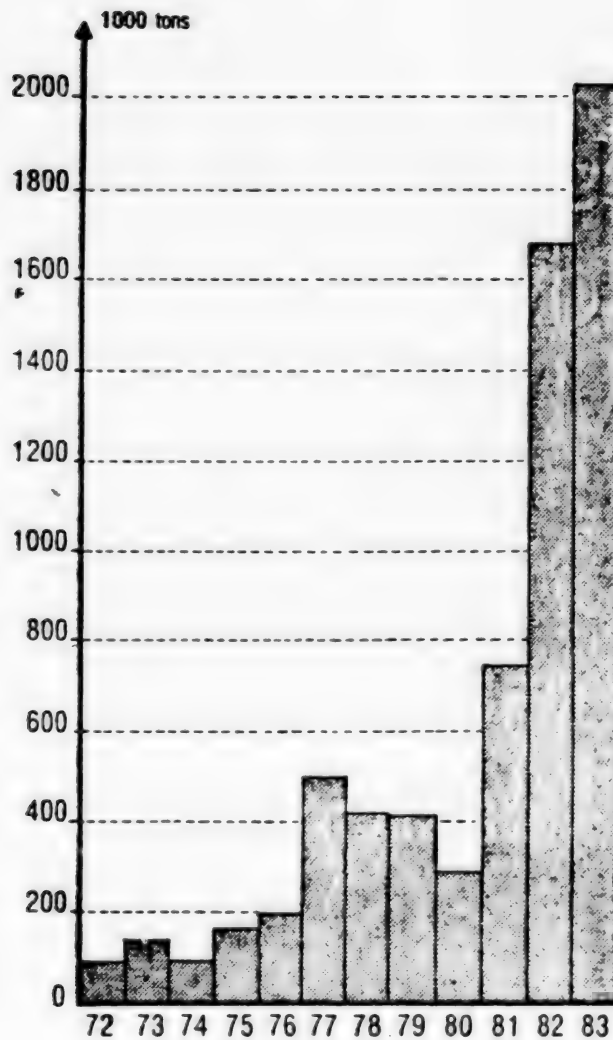
Production rose last year to a total of 2.15 million tons, while consumption of oil declined to 10.7 million tons, the Energy Board estimates. Similar figures from 1982 show a production of 1.69 million tons from the North Sea while consumption was 11.3 million tons. That corresponds to Danish self-sufficiency of 15 percent.

The sizable improvement in oil production is due mainly to the fact that the little Skjold field has been producing all year. At the moment only from one well and because of some research activity it has not been at full production for the entire time. Even so the lucrative little field alone produced almost twice as much as the old Dan field with its many production wells.

The big producer is still the Gorm field which produced 1.4 million tons in 1982. This field has also increased its production to almost 1.5 million tons.

According to the Energy Board, last year's expanded oil production alone gave a 1 billion kroner boost to the Danish trade balance.

The three oil fields also produce some gas. During the year over half a billion cubic meters of natural gas were produced, which is the fuel equivalent of another 1/2 million tons of oil. But this natural gas will first be utilized this summer when the big Tyra gas field goes into production. Until then most of the gas is being pumped back into the Gorm field where it helps boost oil production.



Total North Sea oil production is rising rapidly. It is now over 2 million tons a year. And the little Skjold field between the two big oil fields, Gorm and Dan, is breaking all the records. And the Skjold platform cost "only" about a half billion kroner.

Oil Field Pays for Itself in a Year

Both the Skjold and the Gorm oil fields have been good investments. Both have paid for themselves in a short period of time--Skjold in less than a year.

The little Skjold field between the two big oil fields, Gorm and Dan, in the Danish part of the North Sea is breaking all the records.

With only one well in production at the little platform, the field currently produces almost twice as much as the Dan field with its total of three production platforms, each with a large number of wells.

More Lucrative

And seen in relation to the money invested, the Skjold field is also considerably more lucrative than the current giant in the Danish part of the North Sea, Gorm. While that field cost over 2 billion kroner to develop, the completely finished Skjold platform cost "only" 520 million kroner.

This means that in spite of the fact that it first went into operation in November 1982, it has already paid for itself. In all it has produced 370,000 tons. That is the equivalent in value of 750 million kroner.

Gas Production

The Gorm field was not a bad investment either. Total production from the field since production started in May 1981 adds up to 3.5 million tons. That corresponds to a current value of 7.4 billion kroner. The field cost around 2 billion kroner to develop.

In addition it has produced gas, which at the moment is pumped back into the Gorm field or burned off. When gas production gets going, oil production can be stepped up considerably, primarily in the old Dan field. And at the same time it is expected that the Skjold field will be expanded.

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CSO: 3613/90

NORTH SEA DRILLING CONSORTIUM GETS CONCESSION RULES

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jan 84 p 2

[Article by Lars Dyrskjot and Peter Kjelstrup]

[Text] The decision on the extent of the activity by the Danish Underground Consortium [DUC] in the best part of the North Sea now provides guidelines on the continued search for oil for the first time--3 years after the oil agreement between the state and A. P. Moller.

First now, 3 years after an agreement was reached between the Energy Ministry and A. P. Moller on the oil concessions in the North Sea, have guidelines been set up for exploration in the most important parts of the North Sea. This involves the work schedule for a large connected area which the holder of the concession was allowed to keep in an undivided state until the concession runs out in the year 2012.

The work schedule was delivered to the Energy Ministry on 1 January 1982 along with maps of the areas A. P. Moller had promised to return to the state in the compromise on the new concession terms the year before. The energy minister at the time, Poul Nielsen, called the returns "pure fret-work," but he had to accept them anyway. But he did not accept the work schedule DUC proposed for the connected area. Therefore it went to arbitration between the Energy Ministry and A. P. Moller on behalf of the Danish Underground Consortium.

The most important part of the arbitration decision--in the longer view--is that the arbitration board defined the oil agreement from March 1981 in this way: "On the one hand, A. P. Moller is not obligated as a new concession owner of Danish territory, but on the other hand the 1981 agreement undeniably involves an obligation to intensify exploration efforts in relation to those made so far."

In the arbitration case, the Energy Ministry appointed section director Farouk Al-Kasim of the Norwegian Oil Directorate. A. P. Moller selected Baird B. Mason, who was associated with Exxon [Esso] until 1981, most recently serving as director for this company's international oil explorations. These two agreed on the selection of former president of the Supreme Court Mogens Hvidt as arbitrator and chairman of the arbitration board.

Period of 6 Years

The arbitration case was especially concerned with the extent of actual exploration in the 6-year period up to 1987. Originally A. P. Moller on behalf of DUC was willing to promise to carry out five exploratory drilling operations in this period. DUC later expanded the program with the evaluation drilling at Anne-3, which the drilling rig "Maersk Endeavour" is starting on at this time.

DUC has not drilled in the Anne structure since 1967 when oil was found in the field. This was the first oil that was found in the North Sea and it inspired big foreign companies in both England and Norway to conduct drilling operations. Despite discussions on utilizing the field, no decision has yet been made on where to locate a production platform on the structure.

In Poul Nielsen's period, the Energy Ministry demanded that 16 drilling operations in both known and unknown structures be carried out in the total of nine undivided blocs. But--according to the Energy Ministry--two of the drilling operations would only be performed if new information from other drilling operations was positive.

Program in N. Blocs

The arbitration decision now sets a work schedule for each of the nine blocs. This includes 11 exploratory drilling operations. That is five more than DUC wished to carry out. And five less than the Energy Ministry required at that time. At the same time the work schedule has been spread out, so that the five additional drilling operations the arbitration decision has imposed on DUC will not have to be carried out until the second half of the 6-year period--namely from 1985 to 1987.

Energy Minister Knud Enggaard said of the compromise that he is satisfied that the arbitration board has now concluded this big case with a result "which both sides can live with and which guarantees effective exploration."

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CSO: 3613/90

GOVERNMENT PROPOSES SPECIAL OFFICE FOR POLAR AFFAIRS

Stockholm DAGENS NYHETER in Swedish 10 Feb 84 p 20

[Article by Eric Dyring]

[Text] The Swedish Ymer expedition visited the North Pole in 1980. Now Sweden will do even more in polar regions. A special office for polar affairs is included in the government's research proposal.

Now Sweden will do even more in polar regions, mainly in the Arctic. Faced with the threat of lagging behind in the hunt for the enormous hidden natural resources in polar regions, it has been proposed that a special office be set up along with a political organ for polar issues.

The proposal was made in the government's research bill. It is a result of a gradually increasing interest in polar regions on Sweden's part. After big Swedish efforts in both the Arctic and the Antarctic at the beginning of the century, Swedish activities have been sporadic ever since.

For several decades a number of nations, mainly superpowers, have increased their polar efforts substantially. It is primarily the enormous hidden natural resources that are of interest, but security policy opportunities are also a factor.

It is important for Sweden to follow developments in the Barents Sea, for example.

According to TT, Swedish scientists are now planning to make scientific observations on Svalbard in conjunction with Norway. This would include studies of air pollution and atmospheric chemistry.

"Norway has been prepared to increase Nordic cooperation on polar issues," said Professor Anders Karlqvist of the Research Council Board, who helped to prepare the proposal.

There are now three government proposals concerned with polar regions. In addition to the research proposal which is on its way, there is a bill on the Arctic and one on ocean resources.

6578

CSO: 3650/115

EXPERT ATTACKS GOVERNMENT WHITE PAPER ON OCEAN RESOURCES

Stockholm DAGENS NYHETER in Swedish 9 Feb 84 p 2

[Article by Erik Moberg]

[Text] "It is hard to imagine a looser and less convincing document." That is how Erik Moberg, a former chief secretary for the Ocean Resources Commission, summed up his review of the recently released government paper, "Swedish Ocean Resources Activities." "The abstract and diffuse ideas, language that constantly becomes loose when decisive and vital elements in proposed policy are being described, make it hard to even understand what it all means," Moberg said, among other things.

A step on the way to industrial renewal, a unification of forces, an overall approach--that is how in various contexts Industrial Affairs Minister Thage G. Peterson has characterized the government paper, "Swedish Ocean Resources Activities." For those who have looked at the government policy paper, these descriptions seem somewhat misleading. In reality it is hard to imagine a looser and less convincing document.

The very title, "Swedish Ocean Resources Activities," suggests an uncertain orientation. What kind of activities are actually involved here?

Well, "ocean resources activities" stand for all activities that have anything to do with the sea, either directly or indirectly. Manufacturers of equipment for oil drilling operations at sea are engaged in an ocean resources activity along with those who raise mussels, swimmers, captains of ships in the commercial fleet, and so on. That the activity is "Swedish" means that all ocean resources activities, whether carried out by private Swedish businesses or by government authorities, departments or firms are included.

Swedish ocean resources activities do not seem to be a well-defined and homogeneous aspect of reality. But this aspect has been the object of

many studies over a long period of time. The government paper that just came out is only the latest in a steady stream of papers since the Ocean Resources Commission did its work more than 10 years ago (Official Report 1972:43).

An unsurprising result of the study is that Swedish ocean resources activities are divided. They are carried out in many different places, people engaged in such activities often lack contact with each other, etc.

This result made an impression on those preparing the report. They did not see it as a natural consequence of the way in which Swedish ocean resources activities were defined. Instead the division is viewed as something negative, something steps should be taken to counteract. Coordination is regarded as a necessity. And quite consistent with this view, we have had a delegation to coordinate ocean resources activities for several years now. But why such things as mussel raising should be coordinated with the manufacture of oil drilling platforms remains as unclear as ever.

Under the initials DSH [Delegation for Coordinating Ocean Resources Activities] the delegation is now a well-established part of the bureaucracy. The report continues on the same track without any obvious signs of renewal. With the help of such groups as the government office and the Research Council Board, DSH has once more resifted the same kind of questions and almost the same kind of material with results as meager when it comes to reasoned proposals as those the Ocean Resources Commission came up with in its day. And once more the whole thing has in due course been sent out to a great many review panels for their comments. It is this study material along with the review comments that formed the basis for the present government paper.

What does this paper that provided so much work while it was being prepared and that the industrial affairs minister advertised so heavily really involve?

The first element worth noting is that in spite of being close to 300 pages long, the government paper contains hardly any real proposals. One cabinet minister after another (the bill concerns several ministries) asked, after describing and discussing the ocean resources activities that occur in their own ministries' sphere of interest, that the "government give Riksdag an opportunity to participate in what I have said."

In other words a written discussion trails off in a suggestion that the government turn the discussion over to Riksdag, so that the members of parliament can take part in it. That is how large sections of the paper look. But on one point, something more concrete has been proposed.

The industrial affairs minister is behind the proposal. The concrete aspect consists primarily of the fact that the proposal will cost money--20 million kronor over a period of 3 years. Otherwise it is hard to get

any clear impression of what the proposal involves. However I will try to nail down the concrete elements that do exist.

A program covering available technology for research and the supervision of ocean conditions, Arctic technology and underwater technology will be implemented.

The program will be implemented by the Industrial Affairs Ministry with the help of an advisory program committee. This will contain representatives of the Swedish oil industry, shipyards and other engineering industries. There will also be representatives of the Defense Materiel Command, the Technical Development Board, the Defense Research Institute, the National Ship Testing Institute, some technical colleges and DSH.

Those are the tangible, organizational aspects of the proposal. More important, though even more difficult to understand, is what is said about the content of the program and the work of the program committee.

The first question concerns the relationship between the new program committee and the already existing DSH. Most of what is said about this tends to give the impression that both organs will have the same or similar jobs, such as coordinating and following up on each other's activities. The statements that DSH will not have any "operative assignments" and that the program committee is "advisory" are further similarities. The only notable difference I can find is that the program committee is associated with the Industrial Ministry. One might ask if DSH is being duplicated here.

Then there is the program work the Industrial Affairs Ministry is to carry out with the help of the program committee. The proposal says that the ministry will "initiate various ocean industrial measures that can support each other." This interacting support is viewed as something important, which is apparent from the following statement: "This will significantly increase the effectiveness of the measures."

The two statements quoted represent the core of the bill. If there is anything in it that justifies the industrial affairs minister's references to a new step in industrial policy, this is where it is to be found. Therefore, let us try to understand what the two statements mean.

To begin with, what is an ocean industrial measure and what does it mean to initiate one? Are they talking about decisions to develop, manufacture and market concrete products or are they talking about something else?

As far as I can see, the former is something the business sector, and certainly not the Industrial Ministry, should be working on. It also seems that the industrial affairs minister shares that view. It says in another part of the paper that "the search for concrete business ideas and commercial applications should be carried out primarily by industry itself."

No, it seems clear that they are referring to the latter concept, if anything. That interpretation is also supported by the statement that the

"ocean industrial area is well-suited for targeted industrial policy measures." But it remains unclear what these targeted measures of the second interpretation consist of. The reader is also left uninformed as to the meaning of the obscure reference to "increasing the effectiveness of the measures."

The abstract and diffuse ideas, language that constantly becomes looser when decisive and important elements in the proposed policy are being described, make it hard to understand what it all means. But if instead one looks at how the 20 million will be spent, will one get a better idea of the nature of the program work? Let us see!

Some of the money will be used for more studies. And some will be used on "cooperative projects between different authorities and between authorities and businesses." And some will be spent on "stipends for people employed by authorities" and "limited coverage of knowledge." What can come of these ways of using the money is not spelled out. In particular nothing is said about what this way of using the money has to do with the "initiation" of "ocean industrial measures."

But another possibility for using the money is mentioned in the paper, namely "as a supplement for authorities in developing prototypes based on the needs of Swedish authorities." There is an industrial policy idea in this suggestion. Prototypes could function as reference models and in that way serve as an introduction to commercial activity.

But the idea is debatable. The question is why the Industrial Affairs Ministry needs to go in as an extra financier in the development of prototypes. Let us assume, for example, that the Defense Materiel Command is interested in acquiring a measurement instrument that cannot be bought but must be developed by some appropriate industry. If the Materiel Command does not want to pay for the entire development cost, one wonders why the industry involved could not pay for part of it, even if the prototype development by itself produces a loss. This loss can be seen as an investment that will pay off in future manufacturing and sales.

Thus an examination of what I have called the core of the paper does not leave us with much. My only conclusion is that the paper must be loose all the way through. And that is not really so surprising since the decisive issue, the one concerning the role of the state, is never dealt with. In a country like Sweden it is normal for industry to take care of itself, or at least that is the way it should be. If the state is to participate in one way or another, there should be special reasons for doing so. No such reasons are cited in this white paper. One just gets the general impression that the state and the industrial affairs minister would like to take part, without really saying how and why.

If this is what is called industrial policy, it would be a good deed to get rid of it.

6578

CSO: 3650/115

COUNCIL OF EUROPE: COUNTRY ESPECIALLY VULNERABLE TO ACID RAIN

Oslo AFTENPOSTEN in Norwegian 2 Feb 84 p 12

[Article by Elisabeth Holte]

[Text] Strasbourg, 1 February--"Acid rain now is the most serious pollution problem in Norway, which unfortunately is one of the countries that 'import' most of their acid rain," member of parliament Aksel Fossen said during a Council of Europe debate Wednesday on this problem, which is becoming more and more serious in Europe.

While about 25 million tons of sulfur dioxide rained down on Europe (excluding the Soviet Union) in 1940, this figure had increased to 55 million tons by 1980. Only 10 percent of this is due to natural causes. The rest is caused by industrial pollution. In Norway, a full 84 percent of the 56,000 tons of sulfur dropped annually is brought by the wind from other countries.

The countries in which the pollution originates also are affected by it. In West Germany, for example, 50 percent of the sulfur emissions return to the ground as acid rain. It is extremely irritating, however, that such large quantities spread to other countries. One of the countries that is most "self-sufficient" in acid rain, however, is Great Britain, where only 8 percent of the approximately 880,000 tons of acid rain each year is imported.

The situation is believed to be far more serious in Europe than in the United States, where strict legislation enacted during the early 1970's has allowed an increase from 22 million to just 28 million tons.

In recent years, the economic crisis in Europe with reduced industrial production and, thus, less burning of coal and oil has resulted in a certain stabilization of the quantity of acid rain. But the problem is expected to become acute again with the economic upswing unless effective international steps are taken, experts say. It is not just the environment, but also irreplaceable cultural treasures of sandstone, for example, from the middle ages that are being destroyed by acid rain.

Member of parliament Hans Strand has worked together with Fossen in the Norwegian delegation to the Council of Europe on air pollution problems. In

their speeches, both delegates have dealt with the problems acid rain causes in Norway. In addition to the damage acid rain causes to forests and agriculture in South Norway, there are serious problems with its effects on fresh-water fish. It is estimated that 1,750 large and small lakes over an area of 28,000 square kilometers have lost all their fish and that fish stocks have been sharply reduced in 900 other lakes.

Between 1972 and 1980 Norway spent 120 million kroner to document the effects of acid rain on forests and fish. The results of this research show a close connection between sulfur dioxide emissions and damage to the environment, they pointed out. Norwegian authorities are now working to reduce sulfur emissions by an additional 30 percent by 1993. During the past 10 years emissions were reduced by over 30 percent. This is of little use, however, since 84 percent of the sulfur emissions come from foreign pollution.

In Europe as a whole, it is estimated that between 15 and 20 million hectares for forest are being destroyed by the acid rain. These forests will be totally destroyed within 40 years unless concrete steps are taken to rectify the situation.

A step toward better international cooperation on pollution problems was taken in March of last year when the United Nations convention on air pollution across national boundaries was ratified by 27 countries. So far, however, there have been few concrete results, especially since the various countries have been unable to agree on which regulations and standards should be applied. It also was stressed at the Council of Europe that a European solution must be found, since the problem is most acute on that continent. It was stressed that Europe had to move farther along the road that was begun when the council approved a declaration of principle on air pollution control.

9336
CSO: 3639/64

POLLUTION AGENCY OPPOSES EASING RESTRICTIONS ON AGENTS

Oslo AFTENPOSTEN in Norwegian 2 Feb 84 p 12

[Article by Georg Parmann]

[Text] The government's pollution control board (SFT) opposes the routine use of pesticides in forests except for agents used to combat weeds and underbrush. Proposed regulations on the use of pesticides in forests, which have been sent to the various agencies involved for comment, state that the regulations also apply to agents used against fungi and animal pests in forests.

SFT stated that, since the regulations would be expanded to include fungicides and insecticides, a special study should be made of the entire range of problems so that new forestry principles could be formulated.

A working group appointed by the Agriculture Ministry prepared the report on the use of pesticides in forests. SFT pointed out that even though the report was unanimous there were sharply differing views on several key issues. These include the wealth of species of deciduous trees, grass, and herbs in the forests, the regions that should be sprayed, and during what period of growth spraying should occur. SFT also pointed out in its letter to the Environmental Affairs Ministry that the report suffered seriously because it did not deal with the use of fungicides and insecticides in existing forests.

The new regulations make no provisions for approving individual sprayings, but they are intended to guarantee that the parties involved are informed of planned sprayings before they occur. This does not apply to areas less than 25 decares, in which case an announcement could be sent after the fact. According to the proposed regulations, the Board of Health, the Wildlife Council, and in certain cases the agricultural agent in charge of reindeer herding would be informed. These agencies then would be able to comment on the proposed spraying and possibly prohibit it in accordance with their own regulations.

SFT pointed out that, according to the report, those in charge of spraying pesticides should become familiar with areas of particular value from a recreational and environmental standpoint. This information is available from the regional environmental protection offices. For this reason, SFT believes that the regional commissioners should be permitted to express their opinion on proposed spraying and that perhaps the county recreational boards should be included in the process.

The working group's report emphasizes the health aspects of pesticide usage. It states that there is widespread concern over the extensive use of chemical agents. Thi concern is justified, since this is a problem area in which it is difficult to make absolute, universal guarantees. As a result, it is believed that this concern should be included in the treatment of these matters. The report goes on to say that the health and safety of the people are best served by a general requirement that pesticide usage be reported and that the affected areas be well marked.

The report indicates that, in practice, glyphosate is the only agent used in forests today to control undesirable vegetation in reforestation programs. About 90,000 decares are treated annually with 20 to 25 tons of spray. It is estimated that the amount of spraying will increase in the years to come and stabilize at an area of 125 to 150 thousand decares annually.

Norway Nature Conservation Society also is critical of the proposed new regulations.

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CSO: 3639/64

STUDY: TEN PERCENT OF SOUTHERN FORESTS ACID-RAIN DAMAGED

Stockholm DAGENS NYHETER in Swedish 9 Feb 84 p 48

[Text] Jonkoping (TT)--Acid-rain damage to forests in southern Sweden is very extensive. In 244 stands of timber studied, more than 10 percent of the trees showed serious damage. Department head Stefan Bucht of the Jonkoping Forestry Board discussed this.

"We have conducted a survey among our forest management consultants in western and southern Sweden, a total of 112 districts. The preliminary reports we are receiving show 244 damaged stands. In about half of them the damage is regarded as widespread.

"One cannot draw any final conclusions about the condition of all forests in southern Sweden on the basis of this limited study," Stefan Bucht emphasized.

Spruce Forests Hard Hit

The 244 subjectively selected stands covered by the report have a total area of 1,340 hectares. Generalizations cannot be made on this limited basis.

The damaged stands are commonly found in normal spruce forests. Some 17 percent of the affected spruces showed extensive damage.

The southern and western parts of the area have suffered the most--parts of Elfsbog County, northern Halland, southern Bohus County and western Kronoborg County. The frequency of damage is lower in the eastern and northern sections.

This coincides quite well with the picture we have of sulfur fallout in southern Sweden, according to Stefan Bucht. Most of the damage also occurred in western and southwestern locations. Forests at high elevations also seem to be attacked more often.

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